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The Henkel Retirement Benefits Scheme

SIP Implementation Statement for the Year Ended 31 December 2024

May 2025

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Section 1
Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustees of the Henkel Retirement Benefits Scheme (the 'Scheme') has been followed during the year running from 1 January 2024 to 31 December 2024 (the 'Scheme Year'). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Scheme Year, which was the SIP dated January 2024.

Section 2 of this statement sets out the investment objectives of the Scheme and changes that have been made to the SIP during the Scheme Year, respectively.

Section 2 of this statement also sets out how, and the extent to which, the policies in the Defined Benefit ("DB") Section and Defined Contribution ("DC") Section of the SIP have been followed. **The Trustees can confirm that all policies in the SIP have been followed in the Scheme Year.**

A copy of the most recent SIP is available at https://www.henkel.com/resource/blob/1104182/2233d9f7af87836d08fd1188fc9e3f78/data/henkel-retirement-benefit-plan-sip-january-2024.pdf.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Scheme.

Section 2

Statement of Investment Principles

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the objectives they have set.

DB Section

The objectives for the **DB Section** of the Scheme specified in the SIP are as follows:

The objectives of the Scheme included in the SIP are to invest the Scheme's assets in the best interests of the members and other stakeholders and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. Within this context the Trustees' main objectives with regard to the investment policy are:

- to provide appropriate security for all beneficiaries; and,
- to achieve long-term growth whilst managing investment risks.

The Trustees recognise that the Company has a key role to play in assisting the Trustees to fulfil their primary responsibility of paying benefits and accordingly seeks to maintain the continued long-term support of the Company.

The Trustees are prepared to take some risk in order to achieve the objectives outlined above, including investing in alternative assets and buy and maintain credit. The Trustees ability and willingness to take such risk is subject to the principles outlined in Section 2.2 of the SIP.

DC section

The objectives for the **DC Section** of the Scheme specified in the SIP are as follows:

The Trustees recognise that members have differing investment needs that may change during the course of their working lives. They also recognise that members may have different attitudes to risk. The Trustees believe that whenever possible, members should make their own investment choices based on their individual circumstances.

The Trustees' objective is to provide a range of investment options, which while avoiding complexity, should assist members in achieving the following:

- Maximising the value of retirement benefits, to ensure a reasonable standard of living in retirement;
- Protecting the value of benefits in the years approaching retirement against sudden volatility in capital value and fluctuations in the cost of providing benefits;
- Tailoring a member's investments to meet his or her own needs;

Additionally, the Trustees have established a default investment option that is suitable for members who do not wish to make their own investment decisions. This option automatically invests members' savings based on their term to retirement, with the aim of achieving the aforementioned objectives.

The Trustees' Investment Consultant provides advice regarding the suitability of this approach.

Review of the SIP

The SIP was formally reviewed by the Trustees in November 2023, revising the contents in order to reflect:

1. Changes to the investment strategy of the DB section, specifically the termination of the Scheme's equity mandates, based on the analysis presented during the strategy review conducted in June 2023.

2. The second phase of the implementation of changes to the investment strategy for the DC section, based on the findings from the triennial strategy review carried out during November 2021, the review of Socially Responsible Investment and Corporate Governance and inclusion of the illiquid assets policy in relation to the Default Investment Options.

This version was signed on 23 January 2024, after the start of the Scheme Year covered by this statement.

There were no further changes made to the SIP during the Scheme Year.

Assessment of how the policies in the SIP have been followed during the Scheme Year

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP (dated January 2024), relating to the DB Section and DC Section of the Scheme.

In summary, it is the Trustees' view that the policies in the SIP have been followed during the Scheme Year.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB

Policy

The Scheme invests 100% in matching assets (comprising of Liability Driven Investment ("LDI") and Buy & Maintain Credit). This strategy has been in place since October 2023 following the June 2023 strategy review, following which the Scheme's remaining 10% allocation to equities was terminated. The rationale behind this change in strategy was driven by discussion at the May 2023 ISC Meeting around the Scheme being very well-funded on a prudent basis whilst running an expected level of return significantly higher than the Technical Provisions discount rate, and therefore there was scope to de-risk and reduce the level of expected return within the portfolio.

The DB Section also has interest rate and inflation target hedge ratios of 95% of liabilities valued on the Technical Provision basis. The interest rate and inflation exposure from the LDI portfolio, together with the interest rate exposure from the Buy & Maintain Credit Fund, is used to achieve the required level of hedging.

Within the DB Section, the Trustees monitor rebalancing ranges via the 6-monthly investment performance reports received from their investment adviser.

How has this policy been met over the Scheme Year?

The Trustees believe that the current investment strategy is appropriate given the DB Section's liability profile.

DC

Policy

A range of asset classes has been made available, including: developed market equities, emerging market equities, multi-asset "diversified growth" funds, corporate bonds, fixed interest gilts and index-linked gilts.

Members can combine the investment funds in any proportion in order to achieve the desired balance between different kinds of investments that they deem appropriate for their needs. This balance of investments will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances.

Each of the available funds is considered to be diversified across a reasonable number of underlying holdings / issuers. The current default investment option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets.

How has this policy been met over the Scheme Year?

The Trustees commenced their latest detailed investment strategy review in November 2024. The review covered the suitability of the default retirement

DB	DC
There have been no changes to the LDI segregated mandate over the reporting period. The Scheme's asset allocation is allowed to drift with market movements given the nature of the holdings, although the Scheme does have a formal allocation to LDI and buy and maintain credit set out in the SIP, which is kept under review. The Trustees introduced LBP monitoring and LDI risk monitoring as part of their semi-annual performance reports. The purpose of this is to ensure the liability benchmark (used by BlackRock to design the LDI mandate) remains a good hedge for the underlying liabilities and to monitor the leverage and collateral sufficiency of the LDI mandate whilst having regard to The Pensions Regulator's guidance on appropriate buffers.	target, default strategy design including the funds used to deliver the strategy and the self-select fund range to ensure members have a good breadth of choice providing the ability to build well diversified portfolios. Members will be informed about any changes resulting from the review

Expected return on investments

DB	DC
Policy In designing the investment strategy for the DB Section, the Trustees have explicitly considered the trade-off between expected risk and returns. Over the long term, the Trustees expect the return on the DB Section's assets to be sufficient to meet its objectives.	**Policy** In designing the default investment option, the Trustees have explicitly considered the trade-off between expected risk and returns. The default Investment option invests in assets that are expected to grow, in excess of inflation, for the majority of a typical member's membership of the Scheme. As retirement approaches, these assets are gradually transferred into a pre-retirement multi-asset fund suitable for the respective target and a cash fund. For members wishing to self-select their investments, a focused range of investment funds covering developed market equities, emerging market

DB	DC
	equities, multi-asset “diversified growth” funds, pre-retirement funds, corporate bonds, fixed interest gilts and index-linked gilts. Members can combine these investment funds in any proportion in order to achieve the desired balance between different kinds of investments that they deem appropriate for their needs.
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class the Trustees have appointed them for. The Trustees reviewed the performance of the funds over the year through two semi-annual performance reports, covering the six months to 31 March and 30 September 2024. The investment performance reports included details of how each investment manager had delivered against their specific mandates. No action was taken by the Trustees over the Scheme Year in respect of the investment manager failing to meet their investment objectives.	The Trustees reviewed the performance of the funds over the year through two semi-annual performance reports, covering the six months to 31 March and 30 September 2024. The reports included the risk and return characteristics of the default and additional investment fund choices. The investment performance reports included details of how each investment manager had delivered against their specific mandates. Alongside the considerations set out above, the Trustees also assessed the default investment option as part of the triennial investment strategy review in November 2024 to assess expected member outcomes and expected risk along the default strategy for representative Scheme members. The default strategy aims to initially target higher returns and then reduce volatility as members get closer to retirement to mitigate against the risk of large falls in value at this time. No action was taken by the Trustees over the Scheme Year in respect of any managers failing to meet their investment objectives.

Risks, including the ways in which risk are to be measured and managed

DB	DC
Policy According to section 2.3 of the SIP, investment policy can be considered in two parts: (1) the strategic management, the setting of which is one of the fundamental responsibilities of the Trustees and (2) the day-to-day management of the assets, which has been delegated to the DB Investment Manager.	**Policy** According to section 3.2 of the SIP, the Trustees have considered risk from a number of perspectives including the default option, all of which the Trustees believe are financially material. The Trustees believe that the risks identified are best mitigated by offering members a range of investment funds from which to choose. This will allow members to select investment options appropriate to their personal requirements. The current and previous default investment option manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**

As detailed in the risk sections in the SIP (for risks specific for the DB assets please refer to Section 2.2 of this statement, and to section 3.2 of the SIP for those specific to the DC assets). The Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.

The Scheme's investment advisers provide the Trustees with the following on a six-monthly basis up to 31 March and 30 September 2024, for each of the Scheme's investments:

- Investment returns and performance commentary
- Updates and developments, if applicable, for each manager and fund
- A Manager Research rating

DB	DC

• An ESG rating

The Trustees use Trustee meetings and Investment Sub-Committee meetings to ask further questions of the investment advisers, should any material concerns arise from the reporting and will also invite managers to present directly to the Trustees from time to time.

DC Section

Within the default investment option, the strategic asset allocation is set to achieve the expected return required to meet the objective. This was also reviewed as part of the triennial investment strategy review presented in November 2024.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

DB	DC

Policy

The Trustees consider the investment objectives and policies when choosing investments either for the DB Section or DC Section of the Scheme. The Trustees receive written advice from their Investment adviser on any investments prior to them being implemented. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

DB

How has this policy been met over the Scheme Year?

Buy and Maintain credit provides an opportunity to further integrate ESG into the Scheme's Investment portfolio, as by nature of its long-term investment horizon, this asset class is more sensitive to secular ESG and tail risks. By extension, it forces investment managers to consider how these risks may impact creditworthiness over the duration of the investment.

During 2022, a number of amendments were made to the guidelines of the Buy and Maintain Credit mandate managed by Blackrock, with the aim of improving ESG integration on a forward-looking basis.

The manager will seek to limit and/or exclude direct investment (as applicable) with issuers which, in the opinion of the manager using MSCI data, have exposure to, or ties with, certain sectors.

DC

How has this policy been met over the Scheme Year?

The default investment option and self-select fund range were subject to a thorough triennial investment strategy review in November 2024. This review focused on strategic asset allocation, de-risking glidepaths, and the implementation approach, encompassing fund types, management styles, and asset allocations aligned with the investment objectives.

The changes proposed during this review are scheduled for implementation in the following Scheme Year. Upon changes being agreed, the Trustees will receive formal Section 36 advice from their Investment Adviser.

Realisation of Investments

Policy - Both Sections

According to section 4.1 of the SIP, the Investment Managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation.

In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the Investment Managers to be able to realise the Scheme's investments in a reasonable timescale, subject to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of assets are not expected to take an undue time to liquidate.

DB	DC
Policy The Trustees invest in segregated mandates with BlackRock, which can be traded on a daily basis as needed to meet cashflows.	**Policy** Assets in the default investment option, alternative lifestyle strategies and self-select fund range are ultimately invested in daily traded pooled funds, which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds is at the discretion of the respective investment managers in line with the mandates of the funds.
How has this policy been met over the Scheme Year? Over the year, assets were redeemed as needed to meet Cashflow needs and no liquidity issues were identified within the DB Section.	**How has this policy been met over the Scheme Year?** As part of the semi-annual investment performance report review, the Trustees assess the fund range for any potential issues, including liquidity concerns. The Trustees receives an administration report from Aviva to ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Chair's Statement, the Trustees are satisfied with the service level performance by Aviva over the year. During the monitoring period for the Scheme Year ending 31 December 2024, no liquidity issues were identified within the DC Section.

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustees policies

Policy – Both Sections

The Trustees' policy in relation to investments to be held is set out in section 4.2 of the SIP.

Managers are chosen based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

DB	DC
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
The buy and maintain credit portfolio has been designed to provide cash in the form of income and principal repayments in line with expected liability cashflows. However, should this not be sufficient to meet the cashflow requirements of the Scheme in full, the Scheme may be required to make disinvestments to make up the shortfall. The Scheme's LDI mandate with BlackRock can be traded on a daily basis, as needed, for this purpose.	The Trustees formally monitored the performance of the default investment option, additional default arrangements and self-select fund range on a six-monthly basis. The Trustees holds semi-annual ISC meetings with its Investment Consultant to satisfy itself that the investment managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Scheme. The DC Section largely invests in passive index tracker funds which have tracked their benchmarks. The active funds remain highly rated and have performed in line with expectations. The manager arrangements were also formally reviewed as part of the November 2024 triennial investment strategy review during the Scheme Year to ensure ongoing appropriateness.

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis. Managers' performance net of fees is therefore reviewed over both short and long-time horizons. Remuneration is agreed upon prior to manager appointment and is reviewed on a regular basis.

DB	DC
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
The Trustees include a 3-year performance metric in their semi-annual performance reports. The Trustees review this investment performance when meeting with BlackRock, and if the Trustees are not satisfied with the progress made in respect of performance, then further action or information would be sought. If no further progress were to be made following this additional engagement, the Trustees could consider whether retaining the mandate is appropriate.	The Trustees assessed the performance of the default investment option, additional default arrangements, and self-select funds through semi-annual performance reports and triennial investment strategy reviews, with the last one presented in November 2024. During those reviews, the Trustees received insights from the Investment Consultant, which included an evaluation of investment performance after management fees and an analysis of whether the Trustees' objectives were being achieved. In May 2024, the Trustees reviewed the performance and investment management charges associated with their investment funds as part of the annual Value for Members assessment for the year ending 31 December 2023. The conclusion taken was that fees for the Scheme's funds are generally competitive compared to peers, although they identified opportunities for further enhancement. Following this review, the Investment Consultant challenged Aviva on fee reductions and received confirmation in February 2025 that one of the underlying components of the Aviva Pension MyM Passive Global Equity Strategy had a 0.01% fee reduction. A follow-up review for the Scheme year ending 31 December 2024 was conducted after the year-end and reached a similar conclusion.

Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity

DB	DC

Policy

The Trustees review the decisions made by their managers and can challenge such decisions to try to ensure the best long-term performance over the medium to long term. Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the manager.

DB – How has this policy been met over the Scheme Year?

As BlackRock are compensated through the levels of assets held, the Trustees believe this creates alignment between managers and Trustees in their common objectives.

The Scheme's investment advisers aid the Trustees in monitoring the suitability of the investment options outlined in the SIP, through ongoing research and meetings (as part of their wider research function). Any changes of views regarding the funds in which the Scheme invests are communicated to the Trustees by their advisors.

No further action was taken by the Trustees over the Scheme Year to 31 December 2024.

DC – How has this policy been met over the Scheme Year?

The Trustees reviewed the performance of the default investment option, additional default arrangements and self-select funds via six-monthly performance reports and receive advice from the Investment Consultant, which includes considering the investment performance net of management fees, whether the Trustees' aims and objectives are being met and the ESG ratings provided by the Investment Consultant.

ESG Ratings were covered as part of the triennial default investment strategy conducted in November 2024.

The Trustees' focus is on longer-term performance, but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner.

No further action was taken by the Trustees over the Scheme Year to 31 December 2024.

Monitoring portfolio turnover costs

Policy – Both Sections

The Trustees policy in relation to the monitoring of portfolio turnover costs is set out in section 4.4 of the SIP.

The Trustees do not define set ranges in respect of portfolio turnover and costs. For the DC Section, the Trustees will also consider transaction costs as a method to assess the level of additional costs incurred by members and as an indication of higher levels of turnover within a portfolio.

DB	DC
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
The Trustees do not define set ranges in respect of portfolio turnover and costs, and at present, do not explicitly monitor portfolio turnover costs.	Transaction costs, using the 'slippage cost methodology' (as defined in COBS 19.8 of the FCA Handbook), are disclosed in the annual Chair's Statement. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. The Trustees consider the levels of transaction costs as part of their annual Value for Members assessment, carried out on an annual basis, and by publishing this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement. The Trustees consider the level of transaction costs as part of their annual Value for Members assessment, last carried out as at 31 December 2024. While the transaction costs provided appear to be reasonably reflective of costs expected of the various asset classes and markets that the Scheme invests in, there is no formal industry standard or universe to compare these to. The Trustees will assess these costs on an ongoing basis moving forwards and where appropriate with help from their investment adviser would challenge the level of costs incurred if they were assessed to be too high relative to expectations as this may indicate excessive turnover.

The duration of the arrangements with asset managers

Policy – Both Sections

There is no set duration for manager appointments. However, the appointments are regularly reviewed as to their continued suitability and could be terminated either because the Trustees are dissatisfied with the managers' ongoing ability to deliver the mandate promised, or because of a change of investment strategy by the Trustees.

DB	DC
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
There is a marginal (< 0.1% of total assets) residual investment in private equity held within the investment portfolio, and over time the intention is for these assets to be sold down, with no new allocations being made to this asset class.	The Trustees monitored the performance of the managers against their appointed mandates as part of their six-monthly performance report, triennial investment strategy reviews and Value for Members Assessment to ensure that they remained appropriate as part of the lifestyle or self-select range. No mandates were terminated during the Scheme Year.

Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy – Both Sections

The Trustees consider financially material considerations in the selection, retention, and realisation of investments. Within the funds consideration of such factors, including ESG factors, is delegated to the investment manager(s).

The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Non-financial matters refer to the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impacts of investments and the future quality of life of members.

Member views have not been explicitly taken into account in the selection, retention and realisation of investments. The Trustees make available a self-select Ethical fund in the DC Section following a request from a member for this type of fund.

DB and DC

How has this policy been met over the Scheme Year?

Over the Scheme Year, the Trustees received and assessed performance reports, which include research ratings on both general and specific environmental, social, and governance (ESG) factors provided by the investment advisers. Throughout the year, the managers generally maintained high ratings.

The Trustees acknowledge that managers of fixed income and certain diversified growth funds may not have high ESG ratings assigned by the investment adviser. This is due to the nature of these asset classes, where it can be more challenging to engage with debt issuers or establish ESG measurements for derivative strategies.

DB and DC

Section 4.2 of the Scheme's Statement of Investment Principles (SIP) outlines the Responsible Investment policy, which covers ESG factors, stewardship, and climate change. This policy reflects the Trustees' beliefs regarding ESG and climate change, as well as the processes they follow for voting rights and stewardship.

The Trustees recognise that ESG factors can significantly impact investment risk and returns, and that effective stewardship can generate and preserve value for companies and markets as a whole. They also acknowledge that long-term sustainability issues, particularly climate change, present both risks and opportunities that may require explicit consideration.

The investment performance report includes how each investment manager is delivering against their specific mandates.

The Trustees did not explicitly seek member views regarding any investments or arrangements over the period covered by this statement.

The Trustees may incorporate the views of members with respect to the fund range offered. Member views have not explicitly been taken into account in the selection, retention and realisation of investments, although feedback received from members is welcomed and considered by the Trustees.

DC Section

ESG ratings are regularly reviewed through the semi-annual performance reports and considered as part of the annual value for members assessment. The level of ESG integration in the default investment strategy and across the self-select range was also reviewed as part of triennial investment strategy review conducted in November 2024. The proposed changes resulting from this review are being considered by the Trustees and any agreed changes will be communicated to members ahead of expected implementation in the 2026 Scheme Year.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees would monitor and engage with relevant persons about relevant matters).

Policy – Both Sections

The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Where deemed appropriate, the Trustees will engage with investment managers regarding undertaking of activities in respect of investments if they are deemed to be falling behind wider peers or not meeting the responsibilities expected of them.

DB and DC

How has this policy been met over the Scheme Year?

Both Sections

The Trustees have delegated their voting rights to the investment managers. As such, this activity is expected to be undertaken on the Trustees' behalf. The Trustees do not use the direct services of a proxy voter; however, the investment managers may enlist the service of a proxy voter when required.

During the year under review, the Trustees did not consider it necessary to actively challenge the investment managers on their voting activity.

Based on the SIP, which includes the Trustees updated policies relating to engagement with investment firms and the exercising of voting rights, the Trustees have requested information on the voting activity for all funds which hold equities within the Scheme.

As the Plan invests in pooled funds within the DC Section, the Trustees have delegated their voting rights and engagement with investee companies to the investment managers. As such, this activity is expected to be undertaken on the Trustees' behalf. The Trustees do not use the direct services of a proxy voter; however, the investment managers may enlist the service of a proxy voter when required.

DB and DC

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022, updated Guidance was produced which is effective for all scheme year ends on or after 1 October 2022. The Trustees are required to include a description of what they believe to be a significant vote within the Implementation Statement and to set out information on significant votes undertaken on their behalf over the Scheme year.

In setting their approach, the Trustees had regard to the content of the Scheme's SIP as it relates to the Trustees policies on "Socially Responsible Investment and Corporate Governance" (which covers both sections of the Scheme), the relevant parts of which are set out below:

"The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognize that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code."

Based on this, the Trustees designated a priority area in each of Environmental, Social and Governance areas, which are summarised as below:

- **Environmental** - Climate change: low-carbon transition and physical damages resilience / Pollution & natural resource degradation: air, water, land (forests, soils and biodiversity)
- **Social** - modern slavery, pay & safety in workforce and supply chains and abuses in conflict zones
- **Governance –** Board governance i.e. a vote on a proposal that would be at odds with the expectations of the UK Corporate Governance Code, or which has the potential to significantly impact financial or stewardship outcomes.

The Trustees have agreed to focus on top 10 largest holdings in each fund portfolio (with specific focus given to those holdings greater than 1% of the fund's total valuation), to ensure that the votes treated as significant represent a meaningful portion of the relevant portfolio.

See below for further details on the voting activity of the investment managers over the year to 31 December 2024.

Section 3

Examples of Engagement Activity by the Scheme's Equity Investment Managers

The following are examples of engagement activity undertaken by the Scheme's Equity investment managers.

DB	DC
BlackRock engages with Barclays Plc (Barclays)	**LGIM engages with Volvo Car AB**
Barclays operates as a bank holding company that provides retail banking, credit cards, corporate and investment banking, and wealth management services. BlackRock Investment Stewardship (BIS) has engaged with Barclays to give the company an opportunity to provide additional clarity on business relevant matters that, in BIS' view, support Barclays' ability to deliver long-term financial returns over time. On the agenda at Barclays' 2022 annual general meeting (AGM) was a management proposal requesting shareholder approval of the company's Climate Strategy, Targets and Progress during the year. This management proposal received 80% investor support. In March 2024, BlackRock Investment Stewardship (BIS) met with Barclays' Group Head of Sustainability and a representative of the executive management team in order to provide them with an opportunity to clarify the company's climate strategy. These discussions focused on the company enhancing BIS' understanding of Barclays' sustainability governance framework, the ways that Barclays has elected to support the transition with their clients, and the levers Barclays has chosen to employ to manage financed emissions.	Volvo Car has been selected for engagement by LGIM due to its position as a technology leader in the European automotive sector. The aim of this engagement is to gain insights into the regulatory environment and its impact on product strategy decisions. Additionally, LGIM is focused on understanding how Volvo and other automotive companies can enhance transparency regarding plug-in hybrid emissions, which is essential for reducing vehicle emissions in Europe. The engagement process has begun with initial contact made by LGIM with Volvo to arrange a detailed discussion about their perspectives on regulations concerning plug-in hybrid technology. Questions have been submitted to the company, and a response is awaited to facilitate further dialogue. As this engagement is still in its early stages, the next steps involve reviewing Volvo's responses to the submitted questions. LGIM's objectives include comprehending the current regulatory framework from the industry's viewpoint, identifying limitations in the disclosure of plug-in hybrid electric vehicle (PHEV) emissions data, and potentially discussing a framework for more proactive disclosure of real-world PHEV emissions to enhance transparency for stakeholders.

DB

In July 2024, BIS met with Barclays' board chair and a representative of its executive management team in order to provide them with an opportunity to clarify the composition of its board and executive management teams, the execution of its stated corporate strategy in light of macroeconomic and geopolitical developments at the time, and its approach to climate-related risks and opportunities. Specifically, BIS received an update on how Barclays is considering board refreshment with a focus on relevant financial industry experience, the company's assessment of its financial performance, and its efforts to enhance its climate-related disclosures.

BlackRock engages with ENGIE SA (ENGIE)

ENGIE is an electric utility company listed in France. In March 2024, BIS engaged with ENGIE's Chairman and members of the management team during the company's annual governance roadshow to give the company the opportunity to provide additional clarity on its approach to climate- and natural capital-related risks, as well as board composition. In the engagement, BlackRock Investment Stewardship learned that ENGIE outperformed their greenhouse gas (GHG) targets in 2023, and the company also provided updates on its publicly stated goals of below 2°C temperature alignment. Lastly, the company shared that it was making enhancements to its health and safety plan and preparing for the Corporate Sustainability Reporting Directive (CSRD) requirements.

This case study was selected to demonstrate BlackRock's approach to engagement on climate-related risks and opportunities. This case study also highlights how engagement can help build BlackRock understanding of how companies measure and set short-, medium-, and long-term emissions reduction targets (where available). BlackRock Investment Stewardship does not look for companies to set specific emissions targets. Rather, BIS seeks to understand how they are setting them, what time frame they are using and if the targets are science based, where these are available for a company's sector. BlackRock discussions with ENGIE in 2024, helped

DC

BlackRock engages with Shell plc

At Shell's request, BlackRock engaged with members of the company's board and management team in April 2024 to gain a deeper understanding of Shell's approach to managing climate-related risks and opportunities. This engagement included discussions on how the company sets and updates its climate-related targets, along with other topics relevant to long-term financial value creation.

BlackRock supported Shell's management proposal, as the company provided a comprehensive assessment of its plans to address material climate-related risks and opportunities, while also demonstrating tangible progress against its Energy Transition Strategy.

Conversely, BlackRock did not support the shareholder proposal, viewing it as overly prescriptive. It is the responsibility of company leadership to establish and implement the company's strategy. Supporting this proposal would have contradicted the Energy Transition Strategy 2024 presented by the board and management team.

DB	DC
inform their voting decisions at the 2024 annual general meeting, where they supported management's recommendations on all items.	

Section 4

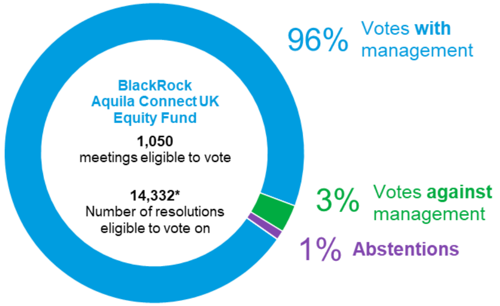
Voting Activity during the Scheme Year

DB

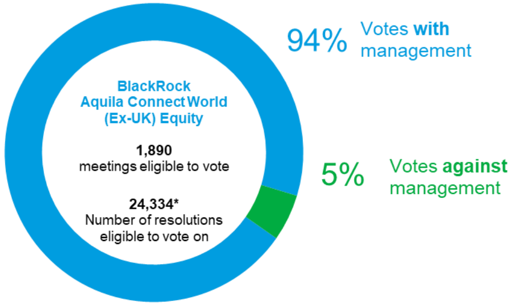
Given the nature of the mandates held within the DB section there is no voting activity to report on for the Scheme Year. During the Scheme Year, Blackrock had a total of 82 engagements with a total of 35 different companies engaged in respect of the Buy & Maintain Credit and LDI mandates.

DC

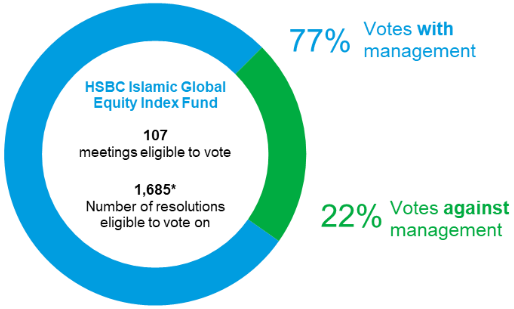
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Scheme. Voting activity has been requested from all managers but at the time of writing this report, not all managers have responded. We will continue to chase the managers to receive this information. **Votes "for / against management"** assess how active managers are in voting for and against management. **Purple** represents abstentions.



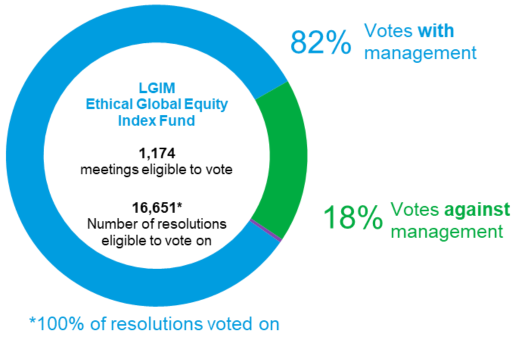
*96% of resolutions voted on

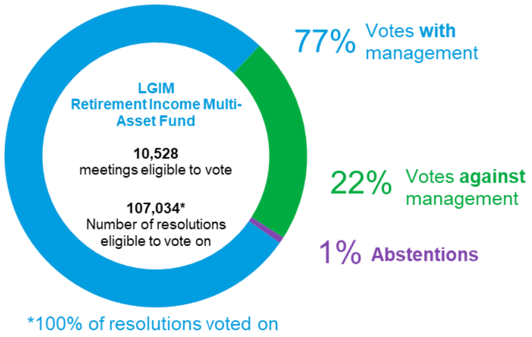


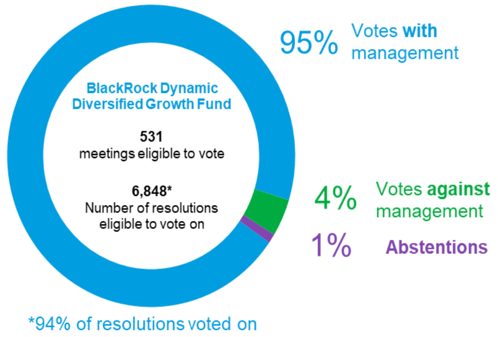
*93% of resolutions voted on

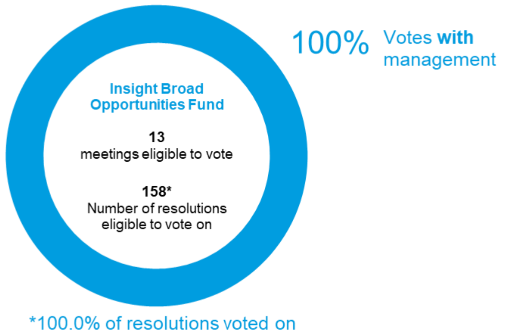


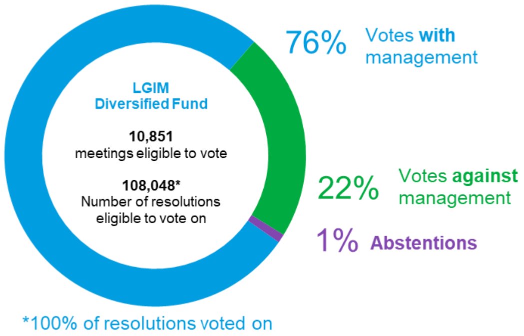
*95% of resolutions voted on

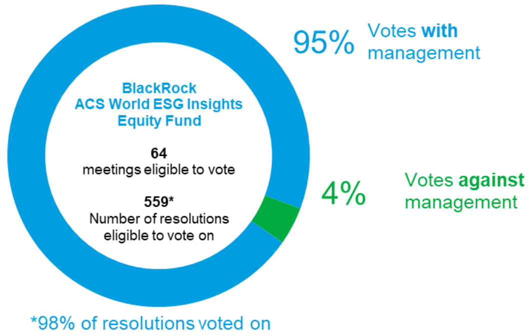

LGIM
Ethical Global Equity Index Fund
1,174
meetings eligible to vote
16,651*
Number of resolutions eligible to vote on
82% Votes with management
18% Votes against management
*100% of resolutions voted on

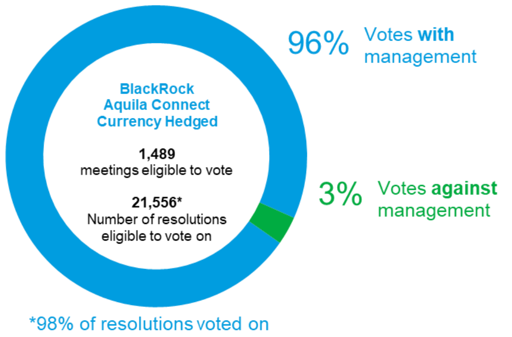

LGIM
Retirement Income Multi-Asset Fund
10,528
meetings eligible to vote
107,034*
Number of resolutions eligible to vote on
77% Votes with management
22% Votes against management
1% Abstentions
*100% of resolutions voted on

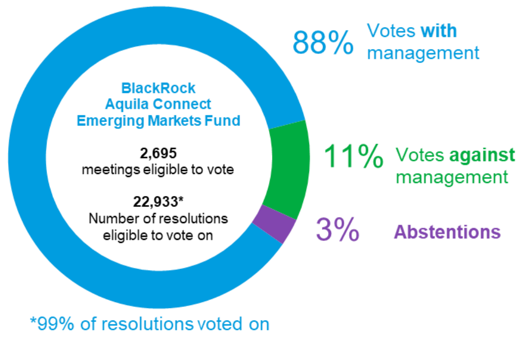

BlackRock Dynamic Diversified Growth Fund
531
meetings eligible to vote
6,848*
Number of resolutions eligible to vote on
95% Votes with management
4% Votes against management
1% Abstentions
*94% of resolutions voted on

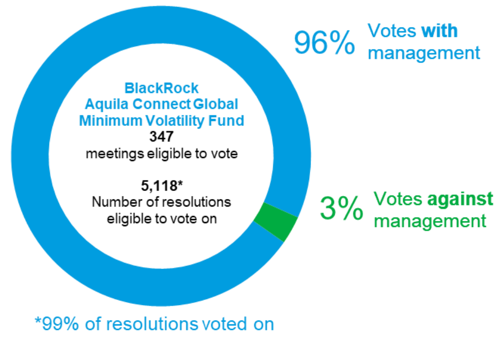

Insight Broad Opportunities Fund
13
meetings eligible to vote
158*
Number of resolutions eligible to vote on
100% Votes with management
*100.0% of resolutions voted on

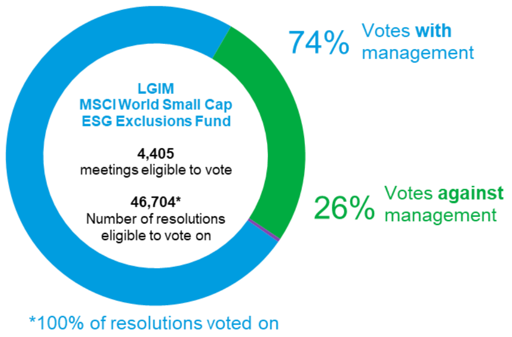

LGIM
Diversified Fund
10,851
meetings eligible to vote
108,048*
Number of resolutions eligible to vote on
76% Votes with management
22% Votes against management
1% Abstentions
*100% of resolutions voted on


BlackRock
ACS World ESG Insights Equity Fund
64
meetings eligible to vote
559*
Number of resolutions eligible to vote on
95% Votes with management
4% Votes against management
*98% of resolutions voted on









Source: Aviva as at 31 December 2024. Data may not sum due to rounding.

Most significant votes

The following votes meet the Trustees criteria of a significant vote set out earlier in this statement. Where this criteria was not met, the Trustees have still included at least one vote per relevant fund.

Where the investment manager's rationale for voting against greater disclosure / review of areas of the Trustees priorities on the grounds that it is *against Shareholders interests* we have challenged the manager further on 1) on why that was and 2) how that reconciles with their stewardship objectives more generally, given the issues at hand.

✗ Resolution not passed ✓ Resolution passed

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
BlackRock Aquila Connect UK Equity Fund	8.00	Shell Plc	21/05/2024	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement.	Against	BlackRock did not support this shareholder proposal because, in their view, the proposal is overly prescriptive. It is the role of company leadership to set and implement the company's strategy. In their assessment, support of this proposal would contradict the Energy Transition Strategy 2024 that has been put forward	✗	Environmental (Climate Change)	BlackRock does not perceive engagement as one conversation. BlackRock have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time.

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
						by the board and management team.			Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.
BlackRock Dynamic Diversified Growth Fund	0.20%	Shell Plc	21/05 /2024	Approve the Shell Energy Transition Strategy	For	BlackRock supported this management proposal because, in their view, Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities and continues to demonstrate progress against its Energy Transition Strategy.	✓	Environmental (Climate Change)	
LGIM Retirement	0.21	National Grid Plc.	10/07 /2024	Approve Climate Transition Plan	For	LGIM is voting in favour of the National Grid Climate Transition plan	✓	Environmental (Climate Change)	LGIM will continue to engage with their investee

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
Income Multi-Asset Fund						as it commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science-based targets. LGIM also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.			companies, publicly advocate our position on this issue and monitor company and market-level progress.
LGIM Diversified Fund	0.25	Tencent Holdings Limited	14/05/2024	Elect Charles St Leger Searle as Director	Against	A vote against is applied as LGIM expects the Committee to be comprised of independent directors. A vote against is also applied as the company is deemed to not meet minimum standards with	✓	Environmental (Climate Change)	

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
						regard to climate risk management.			
BlackRock Aquila Connect World (Ex-UK) Equity Fund	2.70	Amazon.com, Inc.	22/05/2024	Report on Efforts to Reduce Plastic Use	Against	The company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures.	✗	Environmental (Climate Change)	BlackRock does not perceive engagement as one conversation. BlackRock have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or
	1.70	Tesla, Inc.	13/06/2024	Adopt Simple Majority Vote	For	A vote for as BlackRock believes supermajority vote requirement serves as an entrenchment device for management.	✓	Governance	
				Adopt a Non-Interference Policy Respecting Freedom of Association	Against	A vote against this proposal is warranted, as the company already has policies in place to address these issues.	✗	Social (Human Rights)	
				Declassify the Board of Directors	For	BlackRock supports that directors should be elected annually to discourage entrenchment and allow shareholders sufficient opportunity to	✓	Governance	

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
						exercise their oversight of the board.			inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.
				Elect Director James Murdoch	Against	A vote against this proposal is warranted, as a nomination committee member, responsible for lack of independence.	✓	Governance	
				Report on Harassment and Discrimination Prevention Efforts	For	BlackRock supported the shareholder proposal regarding reporting on harassment and discrimination prevention efforts because, in their view, greater disclosures on this issue, which they deem material to the long-term financial interests of shareholders, would help investors better assess risks at the company.	✗	Social (Human Rights) Governance (Diversity and Inclusion)	
BlackRock Aquila Connect Global	0.80	Berkshire Hathaway Inc.	04/05/2024	Disclose BHE's Emissions and Progress Towards Goal in Consolidated Report	For	A vote for as BlackRock believes additional information regarding the company's plan to manage their strategy in	✗	Environmental (Climate Change)	

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
Minimum Volatility Fund						the context of a transition to a low-carbon economy will help investors assess long-term risks and opportunities on this economically material issue.			
BlackRock Aquila Connect Currency Hedged MSCI World Index Fund	0.80	Tesla, Inc.	The information is provided above. Please refer to the Tesla, Inc. votes mentioned in the BlackRock Aquila Connect World (Ex-UK) Equity Fund section.						
HSBC Islamic Global Equity Index Fund	8.62	Apple Inc.	28/02/2024	Report on Median Gender/Racial Pay Gap	For	HSBC believe that the proposal would contribute to improving gender inequality.	✕	Governance (Diversity)	HSBC will likely vote for a similar proposal.
	6.77	Amazon.com, Inc.	22/05/2024	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	For	HSBC believes that the proposal would contribute to the better management of climate	✕	Environmental (Climate Change)	HSBC will likely vote for a similar proposal.

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
						issues, particularly relating to just transition.			
	3.72	Tesla, Inc.	13/06 /2024	Commit to a Moratorium on Sourcing Minerals from Deep Sea Mining	For	HSBC believes that the proposal would contribute to the better management of nature-related risk	✗	Environmental (Pollution)	HSBC will likely vote for a similar proposal.
	3.57	Broadcom Inc.	22/04 /2024	Elect Director Eddy W. Hartenstein	Against	HSBC are voting against this Nomination Committee Chair as they have concerns about insufficient gender diversity of the board.	✓	Governance (Diversity and Inclusion)	HSBC will likely vote against a similar proposal should they see insufficient improvements.
Insight Broad Opportunities Fund	1.10	Greencoat UK Wind plc	18/04 /2024	To approve that the Company cease to continue its business as a closed-ended investment company.	Against	In the 2023 financial year, the company's shares traded at an average discount of 10.5% to the NAV/share, prompting a continuation vote as per its Articles of Association. Insight voted against this proposal because the company,	✗	Governance	A vote in favour of discontinuation would require the company's Board to forward proposals for the restructuring or reorganisation of the company. Insight plans to

Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
						established in 2013 to deliver long-term shareholder returns through UK wind assets, has consistently achieved its goals of dividend growth and NAV preservation. The strategy remains valid and attractive, and in response to rising interest rates, the company has enhanced shareholder returns by increasing dividends and implementing NAV-accretive share buybacks.			maintain regular discussions with the company, its board, and advisers to monitor the appropriateness of the strategy in its portfolios.
LGIM Ethical Global Equity Index Fund	6.92	Apple Inc.	28/02/2024	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy Aligned with Paris Agreement	Against	A vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and nondiscrimination	✗	Governance (Diversity)	LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company

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Fund	Approx. Size of Holding (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale for the Manager vote	Final outcome following the vote	Significant Vote Theme	Next Steps
						policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.			and market-level progress.
	2.43	Alphabet Inc.	07/06 /2024	Resolution 1d: Elect Director John L. Hennessy	Against	A vote against is applied as LGIM expects a company to have at least one-third women on the board.	✓	Governance (Diversity)	
L&G MSCI World Small Cap ESG Exclusions Fund	0.19	Lincoln Electric Holdings, Inc.	19/04 /2024	Elect Director Kellye L. Walker	Against	A vote against is applied as LGIM expects a company to have at least one-third women on the board.	✓	Governance (Diversity)	

Proxy Voting Policies

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategy decisions. To ensure their proxy provide votes in accordance with our position on ESG, they have put in place a custom voting policy with specific voting instructions.

BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions, manage client accounts in relation to voting, and facilitate client reporting on voting. In certain markets, BlackRock collaborates with proxy research firms that apply its proxy voting guidelines to filter out routine or non-contentious proposals and refer any meetings where additional research and possibly engagement might be required to inform voting decisions.

BlackRock votes annually at approximately 16,000 shareholder meetings, taking a case-by-case approach to the items put to a shareholder vote. Its analysis is informed by internally developed proxy voting guidelines, pre-vote engagements, research, and the situational factors at a particular company. BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, BlackRock reviews the resolutions to assess the extent of the restrictions on voting against the potential benefits. Generally, BlackRock prefers to engage with the company in the first instance where there are concerns and gives management time to address the issue. BlackRock will vote in favour of proposals where it supports the approach taken by a company's management or where it has engaged on matters of concern and anticipates management will address them. BlackRock will vote against management proposals where it believes the board or management may not have adequately acted to advance the interests of long-term investors. BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted on, or an abstention is the only way to implement its voting intention. In all situations, the economic interests of its clients will be paramount. BlackRock's voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They serve as the benchmark against which BlackRock assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. It informs its vote decisions through research and engages as necessary. BlackRock reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practices, and insights gained from engagement over the prior year.

BlackRock's market-specific voting guidelines are available on its website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines.