Kobusch UK Limited Pension Scheme

Statement of Investment Principles

8 January 2024

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Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustee of the Kobusch UK Limited Pension Scheme ("the Scheme"). This statement sets down the principles which govern the decisions about investments (not including the individual insurance policies held with Phoenix Life or the buy-in insurance policy held with Just) that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. The Principal Employer of the Scheme, Kobusch UK Limited, has entered administration and the Scheme has entered an assessment period for the Pension Protection Fund (the "PPF") on 4 April 2023. Therefore, in preparing this statement the Trustee has obtained advice from Barnett Waddingham LLP, the Trustee's investment consultants. Barnett Waddingham is authorized and regulated by the Financial Conduct Authority.

1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.

1.5. The investment powers of the Trustee are set out in Clause 39 of the Definitive Trust Deed & Rules, dated 24 November 1993. This statement is consistent with those powers.

2. Choosing investments

2.1. The Trustee's policy is to set the overall investment target and, in doing so, the Trustee has taken into account the fact that the PPF may assume responsibility for the Scheme or that the Trustee may aim to secure benefits with an insurance company. The Trustee will then monitor the performance of their managers against that target. In doing so, the Trustee considers the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct Authority, and are responsible for stock selection and the exercise of voting rights.

2.3. The Trustee reviews the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set.

3. Investment objectives

3.1. The Trustee has discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustee faces in achieving these objectives. As a result, the Trustee's main investment objectives are:

- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due and overriding PPF requirements during the PPF assessment period;
- to achieve a long-term positive real return;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the Participating Employer, the cost of current and future benefits which the Scheme provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives;
- to take account of the long-term risks, including those relating to non-financial factors, when making investment decisions.

3.2. The Trustee is aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities. The Trustee has obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4. Kinds of investments to be held

4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternatives.

4.2. The Trustee considers any guidance set out by the PPF when choosing the Scheme's investments during the PPF assessment period, as well as the possibility of securing benefits with an insurer.

4.3. The Scheme fully disinvested from its growth assets in November/December 2023, reallocating the proceeds to investment-grade credit and cash funds. This was carried out primarily to reduce investment risk to the Scheme and better protect the funding position. An additional benefit was that the Scheme's invested assets would be better aligned for any potential bulk annuity transfer to an insurer.

5. The balance between different kinds of investments

5.1. The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within the Appendix to this Statement.

5.2. The Trustee considers the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in the Appendix to this Statement.

5.3. From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate any short-term cashflow requirements or any other unexpected items.

6. Risks

6.1. The Trustee has considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustee will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. During the PPF assessment period, the investment strategy will be set with consideration of an appropriate level of risk, having consulted with the PPF.
Asset allocation risk	The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustee.
Investment manager risk	The Trustee monitors the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustee monitors these and will report on the managers' practices in their annual Implementation Statement.
ESG/Climate risk	The Trustee has considered long-term financial risks to the Scheme and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
Liquidity risk	The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management. Currency hedging is employed to manage the impact of exchange rate fluctuations.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee undertakes an annual review of the internal controls and processes of each of the investment managers.

7. Expected return on investments

7.1. The Scheme may be able to secure a bulk annuity purchase with an insurer following a PPF Assessment with the intention of achieving returns in line with movements in the value of the Scheme's liabilities, and delivering cashflows to meet members' benefits.

7.2. The Trustee has regard to the relative investment return and risk that each asset class is expected to provide. The Trustee is advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the investment managers.

7.3. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.4. In considering the expected return from investments, the Trustee recognises that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

7.5. Having established the investment strategy, the Trustee monitors the performance of each investment manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position.

8. Realisation of investments

8.1. The Trustee has delegated the responsibility for buying and selling investments to the investment managers. The Trustee has considered the risk of liquidity as referred to above.

8.2. Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustee is aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9. Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

9.1. The Trustee has set policies in relation to these matters. These policies are set out in the Appendix.

10. Policy on arrangements with asset managers

Incentivising alignment with the Trustee's investment polices

10.1. Prior to appointing an investment manager, the Trustee will consider the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how their policies are aligned with the Trustee's own investment beliefs.

10.2. The Trustee typically selects investment managers who are signatories to the UNPRI and publish their annual UNPRI assessment. This preference may be waived if the fund offered displays characteristics which are crucial to the Trustee's investment beliefs.

Incentivising assessments based on medium to long term, financial and non-financial considerations.

10.3. The Trustee is mindful that the impact of ESG and climate change has a long-term nature, which may exceed that of the PPF assessment period. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustee acknowledges this in their investment management arrangements.

10.4. The Trustee expects investment managers to be voting and engaging on behalf of the Scheme's holdings and, where relevant, the Scheme monitors this activity within the Implementation Statement in the Scheme's Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

10.5. The Trustee monitors the performance of their investment managers over medium to long term periods that are consistent with the Trustee's investment aims, beliefs and constraints and that the choice of managers remains appropriate.

10.6. The Scheme invests in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. When investing in pooled investment vehicles, the Trustee is aware that the mandate may not fulfill all of the Trustee's particular requirements.

10.7. The Trustee believes that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

10.8. The Trustee asks the Scheme's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

Portfolio turnover costs

10.9. The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed from time to time.

10.10. During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

10.11. For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

10.12. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

11. Agreement

11.1. This statement was agreed by the Trustee, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the Principal Employer, the investment managers, the Scheme Actuary and the Scheme auditor upon request.

Signed: Signed by the Trustee on 24/01/2024

On behalf of the Kobusch UK Limited Pension Scheme

Appendix 1: Note on investment policy of the Scheme in relation to the current Statement of Investment Principles

1. The balance between different kinds of investment

The Scheme has a strategic asset allocation as set out in the table below, which has been agreed after considering the Scheme's funding position, expected return of the various asset classes and the need for diversification.

Fund	Allocation (%)
Liability Driven Investment	33%
Investment Grade Credit	30%
Cash	37%

Rebalancing

The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustee seeks to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances.

2. Choosing investments

The Trustee has appointed the following investment managers to carry out the day-to-day investment of the Scheme:

- Legal & General Investment Management

The investment benchmarks and objectives for the investment manager are given below:

Investment Manger	Fund	Objective
LGIM	Buy & Maintain Credit	The fund aims to capture the credit risk premium within a globally diversified portfolio of predominantly investment grade credit and to preserve value over the course of the credit cycle by avoiding defaults and securities experiencing a significant deterioration in credit quality.
LGIM	Sterling Liquidity Fund	To provide capital stability and a return in line with money market rates whilst providing daily access to liquidity and providing an income. The fund seeks to maintain a AAA rating, which is the highest fund rating available.

LGIM	Matching Core Real Short Fund	To hedge a subset of liabilities of a typical UK pension scheme with respect to changes in interest rate and inflation.
LGIM	Matching Core Real Long Fund	To hedge a subset of liabilities of a typical UK pension scheme with respect to changes in interest rate and inflation.
LGIM	Matching Core Fixed Short	To hedge a subset of liabilities of a typical UK pension scheme with respect to changes in interest rate and inflation.
LGIM	Matching Core Fixed Long	To hedge a subset of liabilities of a typical UK pension scheme with respect to changes in interest rate and inflation.

The performance of the investment managers will be monitored as frequently as the Trustee considers appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

3. Investments and disinvestments

Investments and disinvestments are usually made so as to move the actual asset allocation more in line with the target asset allocation.

In November/December 2023, the Scheme implemented a de-risked investment strategy. This involved selling all holdings in growth assets and introducing a 30% allocation to investment-grade credit and a c.37% allocation to a liquidity fund. This was done to reduce the Scheme's investment risk and protect the expected strong funding position. The current strategy looks to also better align with expected insurer pricing in anticipation of undertaking a bulk annuity transaction.

Appendix 2: Financially material considerations, non-financially material considerations, the exercise of voting rights and engagement activities

1. Financially Material Considerations

The Trustee considers that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) may be financially material for the Scheme over its remaining lifetime.

The Trustee has elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustee after taking advice from their investment consultant and having considered any guidance from the PPF. The Trustee, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

2. Non-financially material considerations

The Trustee considers that members and beneficiaries are likely to have a diverse range of opinions on ESG and other non-financial matters. As a consequence, the Trustee does not take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future qualify of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

3. The exercise of voting rights

The Trustee’s policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustee’s behalf. In doing so, the Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee’s rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustee will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustee will, with input from their investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustee will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council’s UK Stewardship Code.

4. Engagement activities

The Trustee acknowledges the importance of ESG and climate risk within their investment framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

The Trustee is of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities, i.e. that they apply to equity, credit and property instruments or holdings. The Trustee also recognises that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustee considers it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustee/investment manager and the investee companies.

In selecting and reviewing their investment managers, where appropriate, the Trustee will consider investment managers' policies on engagement and how these policies have been implemented.

4 April 2023 Implementation Statement

The Kobusch UK Limited Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of The Kobusch UK Limited Pension Scheme **("the Scheme")** to set out the following information over the year to **4 April 2023:**

- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 4 April 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in 2019 with an addendum inserted in 2020 and has been made available online here: link to SIP

The Trustee decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles where the Scheme's asset only represent a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers. Additionally, only 33% (£6m as at 4 April) of the Scheme assets can possibly have voting rights through the diversified growth holdings that can invest in equities, however, the equity allocation is often only a portion for both of the funds held.

Given the Scheme's imminent time horizon to securing benefits either with the PPF or with an insurer, the Trustee decided not to set stewardship priorities. However, the Trustee takes the stewardship priorities, climate risk, and ESG factors into account at manager selection.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests in pooled investment vehicles, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- When selecting a pooled fund, the Trustee considers the stewardship and engagement activities of the investment managers that are considered to be financially material.
- When selecting a pooled fund, the Trustee will take into account the investment manager's voting information and engagement policies, to ensure alignment with the Trustee's stewardship policies.

- If a fund's investment manager is identified to not be engaging in alignment with the Scheme's stewardship policies, the Trustee may wish to take action by enabling the Trustee's Investment Adviser to raise concerns with the fund manager.

- Annually the Trustee receives and reviews voting information and engagement policies from both the asset managers and their investment advisors, which they review to ensure alignment with the Trustee's stewardship policies. The Trustee believes that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests.

Prepared by the Trustee of the Kobusch UK Limited Pension Scheme
11 December 2023

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustee over the year to **4 April 2023**. The **bonds and LDI with Payden, Allianz and M&G** have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate. Note that LGIM have provided data for the year to 31 March 2023 and BlackRock have provided data for the year to 30 June 2023.

Manager	Legal & General Investment Management	BlackRock
Fund name	LGIM Future World Multi-Asset Fund	BlackRock DC Diversified Growth Fund
Structure	Segregated	Pooled
Ability to influence voting behaviour of manager	The segregated mandate allows the Trustees to engage with the manager and influence their voting behaviour.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
No. of eligible meetings	8,913	636
No. of eligible votes	93,332	8,012
% of resolutions voted	100	92
% of resolutions abstained	1	1
% of resolutions voted with management[1]	78	94
% of resolutions voted against management[1]	22	5
Proxy voting advisor employed[1]	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 have not outsource any part of the strategic decisions. To ensure accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.	Blackrock use ISS and Glass Lewis' electronic platforms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, Blackrock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to Blackrock any meetings where additional research and possibly engagement might be required to inform our voting decision.
% of resolutions voted against proxy voter recommendation	13	0

[1] As a percentage of the total number of resolutions voted on

Significant votes

The Trustee considers votes to be significant if they are close to a 50:50 split for and against. The Trustee's have made this clear to BlackRock and LGIM in advance of those votes being taken.

BlackRock and **LGIM** have provided a selection of 6 votes which they believe to be significant. The Trustees selected the most significant votes for each fund which relate to the stewardship policies of the Scheme and where possible where the vote outcome has been close. Note that the significant vote examples provided by BlackRock did not specify how close the votes were to passing or failing.

A summary of the significant votes provided is set out below.

LGIM Future World Multi-Asset Fund

	Vote 1	Vote 2	Vote 3
Company name	Expedia Group, Inc.	General Dynamics Corporation	Canadian Tire Corporation Limited
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.004%	0.007%	0.001%
Summary of the resolution	Resolution 1f - Elect Director Craig Jacobson	Resolution 4 - Require Independent Board Chair	Resolution 1.1 - Elect Director Norman Jaskolka
How the manager voted	Withhold (equivalent to a vote against)	For (against management recommendation)	Withhold (equivalent to a vote against)
Rationale for the voting decision	Diversity: A vote against is applied as the company has an all-male Executive Committee. Remuneration: A vote against has been applied as LGIM expects companies to obtain annual shareholder approval of executive directors' pay and non-executive directors' fees. Remuneration: Performance conditions: A vote against is applied as LGIM expects a sufficient portion of awards to be assessed against performance conditions to ensure alignment of remuneration with company performance. Remuneration: Performance period: A vote against is applied as LGIM expects performance to be measured over a three year period. WITHHOLD votes are warranted for incumbent	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. They are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Classified Board: A vote against is applied as LGIM supports a declassified board as directors should stand for re-election on an annual basis. Vote WITHHOLD for Norman Jaskolka, the nominating committee chair, as the board has failed to demonstrate an adequate level of commitment to the enhancement of gender diversity by having less than 30 percent women on the board of directors and

	Vote 1	Vote 2	Vote 3
	compensation committee members Beverly Anderson, Chelsea Clinton, and Craig Jacobson, in light of egregious compensation-related decisions including an excessive time-vested equity award granted to the CEO with a grant-date value of over $300 million.		lacking a firm publicly-disclosed commitment to achieve this target at or prior to the next AGM.
Outcome of the vote	47.5% For [Jacobson received a greater number of withheld votes then votes in favour, however he remains a board director as shareholders lack the ability to vote against his re-election given the plurality vote structure at Expedia.]	40.0% For	50.0%
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage.	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

BlackRock DC Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	J Sainsbury Plc	Siemens AG	Siemens AG
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BlackRock does not typically provide this information. BlackRock have directed clients to look this information up themselves.		
Summary of the resolution	Shareholder Resolution on Living Wage Accreditation	Amend Articles Re: Participation of Supervisory Board Members in the Annual General Meeting by Means of Audio and Video Transmission	Approve Virtual-Only Shareholder Meetings Until 2025

	Vote 1	Vote 2	Vote 3
How the manager voted	Against (against management recommendation)	For	For
Rationale for the voting decision	Proposal is not in shareholders' best interests.	Information not disclosed	Information not disclosed
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. The Global Principles describe BlackRock's philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for BlackRock's more detailed, market-specific voting guidelines. BlackRock do not see 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, the investment manager 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.		
Criteria on which the vote is considered "significant"	Vote Bulletin: BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions BlackRock expect will be of particular interest to clients. BlackRock's vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins		