

# Terra Nitrogen (UK) Ltd Pension Scheme Implementation Statement for the year ended 31 December 2020

## Purpose

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This Implementation Statement provides information on how, and the extent to which, the Trustees of Terra Nitrogen (UK) Ltd Pension Scheme (“the Scheme”) have followed the policies documented in their Statement of Investment Principles (“SIP”) during the year ended 31 December 2020 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Latest review of the Statement of Investment Principles

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During the reporting year, the Scheme’s SIP was reviewed and amended from 30 September 2020. This review was initiated due to new regulations which took effect from 1 October 2020 which required Trustees of all schemes to update their Statement of Investment Principles to include the following:

- > Additional information on the Trustees’ policy in relation to:
  - The exercise of rights (including voting rights) attaching to investments; and
  - The undertaking of engagement activities in respect of the investments (e.g. the approach to monitoring investment managers over how they take into account performance, strategy, capital structure, management of actual or potential conflicts of interest and ESG issues in relation to issuers of debt or equity).
  
- > The Trustees’ policy relating to arrangements with asset managers, including how the following matters are set out:
  - Incentives for asset managers to align their investment strategy and decisions with the Trustees’ investment policies;
  - Incentives for asset managers to make decisions based on medium to long term financial and non-financial performance assessments of an issuer of debt or equity and to engage with the issuer in order to improve performance over the medium to long term;
  - How the method and time horizon of the evaluation of an asset manager’s performance and the remuneration for their services are in line with the Trustees’ investment policies;
  - The monitoring of “portfolio turnover costs” incurred by the asset manager and how the trustees define and monitor targeted portfolio or turnover range; and
  - The duration of the arrangement with the asset manager.

## Investment related activity

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### Asset allocations

In understanding that asset allocation plays an important role in achieving investment objectives and good member outcomes, the Trustees monitor the asset allocation of the Scheme to ensure that these are in line with the current investment objectives.

The Trustees are required to review the strategy of the default investment arrangements offered by the Scheme at least every three years or immediately following any significant change in investment policy. During the reporting year, there have been no changes to the asset allocations.

### **Manager selections**

One of the main ways in which ESG and climate change related risks are taken into consideration is through manager selection exercises: the Trustees received advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises. During the reporting year, there have been no such manager selection exercises.

### **CMA Objectives**

Objectives were put in place for XPS Investment Limited, in line with the 10 June 2019 CMA Order which required trustees to set objectives for existing and new investment consultant appointments from 10 December 2019, in order to receive investment advice after that date.

### **Ongoing governance**

The Trustees, with the assistance of XPS, monitored the processes and operational behaviour of the investment managers from time to time, to ensure they remained appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees had set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

### **New policies**

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustees require the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest. In pooled funds the Trustees have limited influence over the managers' investment practices, particularly in relation to those pooled funds which are designed to track an index where the choice of the index dictates the assets held by the manager.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. Furthermore, the Trustees revert to the investment manager's approach when determining vote significance unless stated otherwise.

The Trustees will seek advice from the Investment Adviser on the extent to which its views on ESG and climate change risks may be considered in any future investment manager selection exercises.

## **The Trustees' investment policies**

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The Trustees had various investment policies for the Scheme on the topics listed in the table below; the table also provides commentary on how and the extent to which the various policies were followed during the reporting year.

Policy	How the policy was followed <sup>1</sup>	The extent to which the policy was followed <sup>2</sup>
<p><b>Kinds of investments to be held</b></p> <p>The Trustees have agreed with the Company to maintain a policy of investing in equity funds, target return type funds, balanced funds, bond funds, cash funds, as well as property investment.</p>	<p>The range of investment options available incorporates both real and monetary assets. The self-select range include options in all of the asset classes in the policy.</p>	<p>The Trustees are satisfied that they followed the policy in full.</p>
<p><b>Balance between different investments</b></p> <p>The amounts allocated to any individual asset class will be influenced by the choices made by the members.</p> <p>The Trustees aim to ensure that members are offered a range of suitable funds to address varying life situations and preferences and that the Scheme's assets are invested in the best interest of the members.</p>	<p>Members' choices were maintained throughout the year.</p>	<p>The Trustees are satisfied that the policy has been followed in respect of all investment options available to members.</p>
<p><b>Risks (measurement and management)</b></p> <p>The Trustees have several policies in respect of risk management and measurement. The most relevant during the account period was;</p> <p>Risk from lack of diversification: The Trustees' policy is to adequately diversify the overall asset allocation.</p>	<p>Diversification</p> <p>The range of investment options made available to members includes equity funds, target return type funds, balanced funds, bond funds, cash funds, as well as property investment.</p>	<p>Diversification</p> <p>The Trustees are satisfied that they followed the policy in full although market volatility also impacted non-equity orientated funds due to the Covid-19 pandemic in March 2020.</p>

<p><b>Expected return</b></p> <p>The Trustees' policy is to make available a range of investment funds with different risk-reward characteristics that will allow members to maintain the real value of their fund.</p>	<p>The Trustees made a range of investment options available to members which include lifestyle funds. Self-select funds are also available for members who want to take more or less risk.</p>	<p>The Trustees are satisfied that they followed the policy in full over the reporting period.</p>
<p><b>Realisation of investments</b></p> <p>The Trustees' policy is to monitor closely the extent to which any assets not readily realisable are held by the investment managers.</p>	<p>The temporary closure of the Property Fund as a result of Covid-19 has led to some assets held by members temporarily not being readily realisable. The Fund has reopened since the end of the reporting period, but in the meantime, assets were directed to the Cash Fund as a short-term solution.</p>	<p>The Trustees are satisfied that it has followed the policy to a reasonable extent over the reporting period but acknowledges it has little control over black swan events that can impact Fund liquidity.</p>
<p><b>ESG</b></p> <p>The Trustees' policy is to delegate the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers.</p>	<p>The Investment Managers have responsibility for the ongoing monitoring and management of ESG risks and those related to climate change.</p>	<p>The Trustees are satisfied that it followed the policy in full over the period.</p>
<p><b>Non-financial matters</b></p> <p>The Trustees' policy is to act in the best interests of the beneficiaries of the Scheme when selecting, retaining or realising investments. It has neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues.</p>	<p>The Trustees seek professional advice in relation to the management of the assets of the Scheme to ensure any decisions it makes are in the best interests of Scheme's beneficiaries.</p>	<p>The Trustees are satisfied that they followed the policy in full in relation to the investment decisions taken over the period.</p>
<p><b>Voting rights</b></p> <p>The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to</p>	<p>The underlying investment managers vote in accordance with their internal voting policies.</p>	<p>The Trustees are satisfied that it followed the policy in full over the period.</p>

<p>the Scheme's investments to the investment managers.</p>		
<p><b>Stewardship/relationship with managers</b></p> <p>The Trustees' policy is to encourage investment managers to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.</p>	<p>The Trustees have yet to engage in any meaningful way with the investment managers.</p>	<p>The Trustees acknowledge that the policy has not been followed during the reporting year.</p>

### Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities, in UK and overseas markets. Investments in equities will also form part of the strategy for the multi-asset funds in which the Scheme invests. A summary of the voting behaviour and most significant votes cast by each of the investment manager organisations for the relevant funds is shown below.

The Scheme currently has primary exposure to equities through four equity funds, LGIM UK Equity Index Fund, LGIM Global Equity 70:30 Index Fund, Schroders UK Equity Fund and Schroders Global Equity Fund, and two multi-asset funds; LGIM Multi-Asset (formerly Consensus) Fund and Schroders Dynamic Multi-Asset Fund where equity allocation forms part of the managers strategy.

**DC assets**
Legal and General Investment Management

Fund Information
Legal and General Global Equity (70:30) Index Fund
The fund manager has not provided stewardship code data at present
The manager voted on 99.7% of resolutions of which they were eligible out of 77,223 eligible votes.
Investment Manager Client Consultation Policy on Voting
<p>LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. LGIM’s voting policies are reviewed annually and take into account feedback from their clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.</p>
Investment Manager Process to determine how to Vote
<p>All decisions are made by LGIM’s Investment Stewardship team and in accordance with their relevant Corporate Governance &amp; Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM’s stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.</p>
How does this manager determine what constitutes a 'Significant' Vote?
<p>As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling</p>

their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/or summaries of LGIM’s vote positions to clients for what they deemed were ‘material votes’. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to ‘significant vote’ information.

In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
  - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

If there are any additional questions on specific votes, please note that LGIM publicly disclose their votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting ‘Voting Report’ on the following page:

[https://documentlibrary.lgim.com/documentlibrary/library\\_55458.html](https://documentlibrary.lgim.com/documentlibrary/library_55458.html)

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Qantas Airways Limited	Resolution 3- Approve participation of Alan Joyce in the Long-Term Incentive Plan  Resolution 4- Approve Remuneration Report.	LGIM voted against resolution 3 and supported resolution 4.	About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration.
LGIM will continue to engage with the company.			
International Consolidated Airlines Group	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.	LGIM voted against the resolution.	28.4% of shareholders opposed the remuneration report.

LGIM will continue to engage closely with the renewed board.			
Pearson	'Resolution 1: Amend remuneration policy' was proposed at the company's special shareholder meeting, held on 18 September 2020.	LGIM voted against the amendment to the remuneration policy.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.
Such significant dissent clearly demonstrates the scale of investor concern with the company's approach. It is important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now need to be addressed through continuous engagement.			
SIG plc.	'Resolution 5: Approve one-off payment to Steve Francis' proposed at the company's special shareholder meeting held on 9 July 2020.	LGIM voted against the resolution.	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that with this level of dissent the company should not go ahead with the payment.
LGIM intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.			
Medtronic plc	Resolution 3 - Advisory Vote to Ratify Named Executive Officers' Compensation.	LGIM voted against the resolution.	The voting outcome was as follows: For: 91.73%; against: 8.23%.
LGIM will continue to monitor this company.			

Fund Information
Legal and General UK Equity Index Fund
The fund manager has not provided stewardship code data at present
The manager voted on 100% of resolutions of which they were eligible out of 12,468 eligible votes.
Investment Manager Client Consultation Policy on Voting
<p>LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and take into account feedback from their clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.</p>
Investment Manager Process to determine how to Vote
<p>All decisions are made by LGIM’s Investment Stewardship team and in accordance with their relevant Corporate Governance &amp; Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.</p>
How does this manager determine what constitutes a 'Significant' Vote?
<p>As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure LGIM continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold us to account.</p> <p>For many years, LGIM has regularly produced case studies and/or summaries of LGIM’s vote positions to clients for what LGIM deemed were ‘material votes’. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to ‘significant vote’ information.</p> <p>In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions &amp; Lifetime Savings Association consultation (PLSA). This includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;</li> </ul>

- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
  - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

If you have any additional questions on specific votes, please note that LGIM publicly disclose their votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:

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#### Top 4 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
International Consolidated Airlines Group	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.	LGIM voted against the resolution.	28.4% of shareholders opposed the remuneration report.
LGIM will continue to engage closely with the renewed board.			
SIG plc.	'Resolution 5: Approve one-off payment to Steve Francis' proposed at the company's special shareholder meeting held on 9 July 2020.	LGIM voted against the resolution.	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that with this level of dissent the company should not go ahead with the payment.
LGIM intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.			
Pearson	'Resolution 1: Amend remuneration policy' was proposed at the company's special shareholder meeting, held on 18 September 2020.	LGIM voted against the amendment to the remuneration policy.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.

Such significant dissent clearly demonstrates the scale of investor concern with the company's approach. It is important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now need to be addressed through continuous engagement.

<p>Plus500 Ltd.</p>	<p>'Resolution 17: Approve Special Bonus Payment to CFO Elad Even-Chen' at the company's special shareholder meeting held on 16 September 2020.</p>	<p>LGIM voted against the special bonus based on the belief that such transaction bonuses do not align with the achievement of pre-set targets. Separately, LGIM also voted against an amendment to the company's remuneration policy, which continues to allow for the flexibility to make one-off awards and offers long-term incentives that remain outside best market practice in terms of long-term performance alignment.</p>	<p>Given the level of shareholder dissent, Resolution 17 was withdrawn ahead of the AGM, while all the other resolutions were passed. The company stated that: 'The board and the remuneration committee consider that a bonus is appropriate given the outstanding efforts of [the CFO. 'As such, Plus500 intends to again propose the resolution for shareholder approval at the EGM to cover 2021 director pay (as is required under Israeli law).</p>
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LGIM will continue to monitor the company.

### Fund Information

Legal and General Multi-Asset Fund (formerly Consensus) Fund

The fund manager has not provided stewardship code data at present

The manager voted on 99.5% of resolutions of which they were eligible out of 111,503 eligible votes.

### Investment Manager Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and take into account feedback from their clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic

priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

### Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

### How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure LGIM continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/or summaries of LGIM's vote positions to clients for what LGIM deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
  - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

If you have any additional questions on specific votes, please note that LGIM publicly disclose their votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:

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### Top 5 Significant Votes during the Period

Company	Voting Subject		Result
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		How did the Investment Manager Vote?	
International Consolidated Airlines Group	Resolution 8: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.	LGIM voted against the resolution.	28.4% of shareholders opposed the remuneration report.
LGIM will continue to engage closely with the renewed board.			
SIG plc.	'Resolution 5: Approve one-off payment to Steve Francis' proposed at the company's special shareholder meeting held on 9 July 2020.	LGIM voted against the resolution.	The resolution passed. However, 44% of shareholders did not support it. LGIM believe that with this level of dissent the company should not go ahead with the payment.
LGIM intend to engage with the company over the coming year to find out why this payment was deemed appropriate and whether they made the payment despite the significant opposition.			
Pearson	'Resolution 1: Amend remuneration policy' was proposed at the company's special shareholder meeting, held on 18 September 2020.	LGIM voted against the amendment to the remuneration policy.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.
Such significant dissent clearly demonstrates the scale of investor concern with the company's approach. It is important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now need to be addressed through continuous engagement.			
Medtronic plc	Resolution 3 - Advisory Vote to Ratify Named Executive Officers' Compensation.	LGIM voted against the resolution.	The voting outcome was as follows: For: 91.73%; against: 8.23%.
LGIM will continue to monitor this company.			
Plus500 Ltd.	'Resolution 17: Approve Special Bonus Payment to CFO Elad Even-Chen' at the company's special shareholder meeting held on 16 September 2020.	LGIM voted against the special bonus based on the belief that such transaction bonuses do not align with the achievement of pre-set targets.	Given the level of shareholder dissent, Resolution 17 was withdrawn ahead of the AGM, while all the other resolutions were passed. The company stated that:

		<p>Separately, LGIM also voted against an amendment to the company's remuneration policy, which continues to allow for the flexibility to make one-off awards and offers long-term incentives that remain outside best market practice in terms of long-term performance alignment.</p>	<p>'The board and the remuneration committee consider that a bonus is appropriate given the outstanding efforts of [the CFO]. As such, Plus500 intends to again propose the resolution for shareholder approval at the EGM to cover 2021 director pay (as is required under Israeli law).</p>
<p>LGIM will continue to monitor the company.</p>			

Schroders Investment Management

Voting Information

Schroders Global Equity Fund

The fund manager has not provided a stewardship code data at present.

The manager voted on 94.3% of resolutions of which they were eligible out of 7314 eligible votes.

Investment Manager Client Consultation Policy on Voting

In order to maintain the necessary flexibility to meet client needs, local offices at Schroders may determine a voting policy regarding the securities for which they are responsible, subject to agreement with clients as appropriate, and/or addressing local market issues. Clients in the UK will need to contact their usual client services person(s) on whether this is available for the type of investment(s) they hold with Schroders.

Investment Manager Process to determine how to Vote

Schroders evaluate voting issues arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what Schroders deem to be the interests of their clients. Schroders utilise company engagement, internal research, investor views and governance expertise to confirm their intention. Further information can be found in their Environmental, Social and Governance Policy for Listed Assets policy: <https://www.schroders.com/en/sysglobalassets/global-assets/english/campaign/sustainability/integrity-documents/schroders-esg-policy.pdf>

### How does this manager determine what constitutes a 'Significant' Vote?

Schroders consider "most significant" votes as those against company management.

Schroders are not afraid to oppose management if they believe that doing so is in the best interests of shareholders and their clients. For example, if Schroders believe a proposal diminishes shareholder rights or if remuneration incentives are not aligned with the company's long-term performance and creation of shareholder value. Such votes against will typically follow an engagement and they will inform the company of their intention to vote against before the meeting, along with their rationale. Where there have been ongoing and significant areas of concerns with a company's performance, Schroders may choose to vote against individuals on the board.

However, as active fund managers they usually look to support the management of the companies that they invest in. Where Schroders do not do this, they classify the vote as significant and will disclose the reason behind this to the company and the public.

### Does the manager utilise a Proxy Voting System? If so, please detail

Schroders receive research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on their policies, Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

It is important to stress that Schroders own research is also integral to their final voting decision; this will be conducted by both their financial and ESG analysts. For contentious issues, their Corporate Governance specialists will be in deep dialogue with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders continue to review their voting practices and policies during their ongoing dialogue with their portfolio managers. This has led Schroders to raise the bar on what they consider 'good governance practice.'

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
SGS SA	Approve Fixed Remuneration of Executive Committee in the Amount of CHF 14 Million	Against Management	Voted against Company Management
Represents a potential 20% increase to level paid in 2019, which is unwarranted in Schroder's views.			
Bouygues SA	Authorize Board to Issue Free Warrants with Pre-emptive Rights During a Public Tender Offer	Against Management	Voted against Company Management
Can be used for antitakeover purposes.			
Endesa SA	Amend Articles of General Meeting Regulations Re: Minimum Number of Shares to Attend and Remote and Electronic Participation	Against Management	Voted against Company Management
Not supportive of unequal treatment amongst shareholders			
REA Group Limited	Approve Issuance of 12,541 Performance Rights to Owen Wilson under the Recovery Incentive Plan	Against Management	Voted against Company Management
An excessive 50 percent of this grant is linked to undisclosed strategic objectives raising concerns for excessive board discretion when 'strategy' is regarded as part of the 'day job' of the CEO.			
Qualicorp Consultoria e Corretora de Seguros SA	Re-Ratify Remuneration of Company's Management Approved at the April 30, 2020 AGM	Against Management	Voted against Company Management
Lack of disclosure around the extensive severance payment and changes to the accounting of equity compensation.			

### Voting Information

#### Schroders UK Equity Fund

The fund manager has not provided a stewardship code data at present.

The manager voted on 98.3% of resolutions of which they were eligible out of 901 eligible votes.

### Investment Manager Client Consultation Policy on Voting

In order to maintain the necessary flexibility to meet client needs, local offices at Schroders may determine a voting policy regarding the securities for which they are responsible, subject to agreement with clients as appropriate, and/or addressing local market issues. Clients in the UK will need to contact their usual client services person(s) on whether this is available for the type of investment(s) they hold with Schroders.

### Investment Manager Process to determine how to Vote

Schroders evaluate voting issues arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what Schroders deem to be the interests of their clients. Schroders utilise company engagement, internal research, investor views and governance expertise to confirm their intention. Further information can be found in their Environmental, Social and Governance Policy for Listed Assets policy: <https://www.schroders.com/en/sysglobalassets/global-assets/english/campaign/sustainability/integrity-documents/schroders-esg-policy.pdf>

### How does this manager determine what constitutes a 'Significant' Vote?

Schroders consider "most significant" votes as those against company management.

Schroders are not afraid to oppose management if they believe that doing so is in the best interests of shareholders and their clients. For example, if Schroders believe a proposal diminishes shareholder rights or if remuneration incentives are not aligned with the company's long-term performance and creation of shareholder value. Such votes against will typically follow an engagement and they will inform the company of their intention to vote against before the meeting, along with their rationale. Where there have been ongoing and significant areas of concerns with a company's performance, Schroders may choose to vote against individuals on the board.

However, as active fund managers they usually look to support the management of the companies that they

invest in. Where Schroders do not do this, they classify the vote as significant and will disclose the reason behind this to the company and the public.

Does the manager utilise a Proxy Voting System? If so, please detail

Schroders receive research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on their policies, Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

It is important to stress that Schroders own research is also integral to their final voting decision; this will be conducted by both their financial and ESG analysts. For contentious issues, their Corporate Governance specialists will be in deep dialogue with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders continue to review their voting practices and policies during their ongoing dialogue with their portfolio managers. This has led Schroders to raise the bar on what they consider 'good governance practice.'

#### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
easyJet Plc	Approve Remuneration Report	Against Management	Voted against Company Management
Continued increase in CEO pay			
Sanofi	Approve Compensation of Olivier Brandicourt, CEO Until Aug. 31, 2019	Against Management	Voted against Company Management
The ten-year service under the defined-benefit pension scheme granted to new CEO upon his arrival at the company was a practice lying well below market standards.			
Aggreko Plc	Approve Remuneration Report	Against Management	Voted against Company Management

EPS growth accounts for 80% of the annual bonus framework and 50% of the LTIP, which raises concerns that Directors are rewarded twice for the same performance.			
Vodafone Group Plc	Approve Remuneration Policy	Against Management	Voted against Company Management
Poor disclosure, targets lack specific stretch high potential single figure.			
Ashmore Group Plc	Approve Remuneration Policy	Against Management	Voted against Company Management
Concerns about linkage between pay and performance. The company uses uncapped short- and long-term variable pay			

### Fund Information

#### Schroders Dynamic Multi-Asset Fund

The fund currently occupies Tier 1 of the stewardship code.

The manager voted on 85.8% of resolutions of which they were eligible out of 127 eligible votes.

### Investment Manager Client Consultation Policy on Voting

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### Top 3 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
William Lyon Homes	Advisory Vote on Golden Parachutes	Against	Voted against Company Management
Schroders are not supportive of golden parachutes.			
Johnson Controls International plc	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Voted against Company Management
Sizable CIC-related severance payments made in 2019			
Toll Brothers, Inc.	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Voted against Company Management

Signed: \_\_\_\_\_, Chair of Trustees

Date: \_\_\_\_\_