

TERRA NITROGEN (UK) LIMITED PENSION SCHEME

Engagement Policy Implementation Statement for the Year Ended 31 December 2021

The Terra Nitrogen (UK) Limited Pension Scheme (“the Scheme”)

1. INTRODUCTION

This Engagement Policy Implementation Statement (the “Statement”) sets out the Trustees’ assessment of how, and the extent to which, they have followed their engagement policy and their policy with regard to the exercise of rights (including voting rights) attaching to the Scheme’s investments during the one-year period to 31 December 2021 (the “Scheme Year”). The Trustees’ policies are set out in their Statement of Investment Principles (“SIP”) dated January 2022. A copy of the Trustees’ SIP is available on demand.

This Statement has been produced in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018* and the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* along with guidance published by the Pensions Regulator.

The Trustees invest the assets of the Scheme in a fiduciary arrangement with Mercer Limited (“Mercer”). Under this arrangement Mercer are appointed as a discretionary investment manager and day-to-day management of the Scheme’s assets is by investment in a range of specialist pooled funds (the “Mercer Funds”). Management of the assets of each Mercer Fund is undertaken by a Mercer affiliate, Mercer Global Investments Europe Limited (“MGIE”). MGIE are responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party investment managers for each Mercer Fund’s assets.

Under these arrangements, the Trustees accept that they do not have the ability to directly determine the engagement, voting policies or arrangements of the managers of the Mercer Funds. However, the Trustees have made Mercer aware that they expect MGIE to manage assets in a manner, as far as is practically possible, that is consistent with the Trustees’ engagement policy and their policy with regard to the exercise of rights attaching to the Scheme’s investments. The Trustees review regular reports from Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether their policies are being properly implemented.

Section 2 of this Statement sets out the Trustees’ engagement policy and assesses the extent to which it has been followed over the Scheme Year.

Section 3 sets out the Trustees’ policy with regard to the exercising of rights (including voting rights) attached to the Scheme’s investments and considers how, and the extent to which, this policy has been followed during the Scheme Year. This Section also provides detail on voting activity undertaken by the Scheme’s third party investment managers during the Scheme Year.

Taking the analysis included in Sections 2 and 3 together, it is the Trustees’ belief that their policies with regard to engagement and the exercise of rights attaching to investments has been successfully followed during the Scheme Year.

2. TRUSTEES’ POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustees believe that good stewardship and the incorporation of ESG factors into their investment decision-making processes can have a material impact on the financial and non-financial performance of the Scheme’s assets over the medium and longer term. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that require the Trustees’ explicit consideration.

It is the Trustees’ policy that the third party investment managers appointed by Mercer, via MGIE, report in line with established best practice such as the UK Stewardship Code and UK Corporate Governance Code where possible, including public disclosure of compliance via an external website, when managing the Scheme’s assets. Further, in appointing the third party asset managers, the Trustees’ expect MGIE to select managers where it believes the managers will engage directly with issuers in order to improve their financial and non-financial performances over the medium to long term. To monitor the third party investment managers’ compliance with this expectation, the Trustees consider regular reports from Mercer that include an assessment of each third party manager’s engagement activity.

Should the Trustees consider that Mercer, MGIE or the third party asset managers, have failed to align their own engagement policies with those of the Trustees, the Trustees will notify Mercer and consider disinvesting some or all of the assets held in the Mercer Funds and/or seek to renegotiate commercial terms with Mercer.

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How the Policy has been implemented over the Scheme Year

The following work was undertaken during the year relating to the Trustees' policy on ESG factors, stewardship and climate change.

Policy Updates

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, have provided reporting to the Trustees on a regular basis.

The Mercer Sustainability Policy is reviewed regularly. In March 2021 there was an update in relation to Sustainable Finance Disclosure Regulation ("SFDR") implementation.

In line with the requirements of the EU Shareholder Rights Directive II, Mercer have implemented a standalone Engagement Policy to specifically address the requirements of the directive.

Climate Change Reporting and Carbon Foot-printing

Mercer undertake climate scenario modelling and stress testing on the Mercer multi sector funds used by the Scheme, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The results of the latest climate scenario modelling are within the TCFD compliant Climate Change Management Report. The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2°C scenario, where consistent with investment objectives and for consistency with the Paris Agreement on Climate Change.

The headline Weighted Average Carbon Intensity ("WACI") metric for all equity funds is reporting in the Quarterly Investment Reports whilst an in-depth analysis of top 5 carbon emitters, the top 5 contributors to the WACI and the trends over time is completed on an annual basis. The latest in-depth analysis is as at 30 June 2021 and also used by the Mercer and MGIE investment team to drive engagement with managers.

ESG Rating Review

ESG ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustees. ESG ratings are reviewed by MGIE during quarterly monitoring processes, with a more comprehensive review performed annually - which seeks evidence of positive momentum on ESG integration. The Mercer funds overall ESG rating compared to the appropriate universe of strategies in Mercer's global investment manager database.

As at 31 December 2020, in the Annual ESG review provided by Mercer, the Trustees noted that 88% of Mercer Funds now have an ESG rating equal to or above their asset class universe. This compares to 97% at the end of 2020 but it should be noted that the scope of the review expanded in 2021 to include all liquid multi-client Mercer Funds. For the Scheme, only the Global High Yield Bond Fund and the Diversified Alternatives Strategies Fund were behind the broad universe.

Approach to Exclusions

As an overarching principle, Mercer and MGIE prefer an approach of positive engagement rather than negative divestment. However Mercer and MGIE recognises that there are a number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.

Controversial and civilian weapons, and tobacco are excluded from active equity and fixed income funds, and passive equity funds. The Mercer sustainability-themed funds have additional exclusions, for example covering gambling, alcohol, adult entertainment and fossil fuels.

In addition, Mercer and MGIE monitors for high-severity breaches of the UN Global Compact ("UNGC") Principles that relate to human rights, environmental and corruption issues.

Sustainability-themed investments

An allocation to Sustainable Equities is included within the Scheme's portfolio of Growth assets, with the strategic allocation to Sustainable Equities now accounting for c.9% of the Growth Portfolio.

A detailed standalone report sustainability monitoring report is produced for the active/passive Sustainable Global Equity fund on a semi-annual basis, including a more granular breakdown of the fund against ESG metrics, for example the UN Sustainability Development Goals.

Diversity

From 31 December 2020, gender diversity statistics have also been included in the quarterly reporting for the Mercer equity funds and this is being built into a broader Mercer Investment Solutions International policy on Diversity, Equity and Inclusion, sitting alongside Mercer's established Diversity Charter.

Mercer Investment Solutions has made a commitment to target at least 30% of all Key Decision Makers ("KDM's) across our Mercer funds being non-male by 2030. This commitment will apply to both the KDM within our own portfolio management team and the sub-investment manager teams. We consider broader forms of diversity in our decision-making, but the current target explicitly applies to gender diversity. As at 30 September 2021 33% of the KDM's within Mercer IS team are non-male, and our long term target is 50%. Within the Fixed Income universe the average fund has 8% non-male KDM's and within the average EMEA Active Equity universe the average is 12%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead at 9% and 13%.

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3. TRUSTEES' POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO SCHEME INVESTMENTS

Policy

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's investments to the third party investment managers appointed by Mercer on the Trustees' behalf.

This is because any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds are, ultimately, delegated to the third party investment managers appointed by MGIE. In delegating these rights, MGIE accepts that managers may have detailed knowledge of both the governance and the operations of the investee companies and so permits the managers to vote based on their own proxy-voting execution policy, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. As such the Trustees do not use the direct services of a proxy voter.

Voting: As part of the monitoring of managers' approaches to voting, MGIE assesses how managers are voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur (where managers vote in different ways for the same proposal). MGIE portfolio managers will use these results to inform their engagements with managers on their voting activities.

Set out below is a summary of voting activity for the year to 31 December 2021 for a range of Mercer Funds that the Scheme's assets are invested in. This may include information in relation to funds that the Scheme's assets were no longer invested in at the year end. The statistics set out in the table below are drawn from the Glass Lewis voting system (via Mercer's custodian). Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation is for all shares to be voted.

"Unvoted" reflects instances where managers have not actioned a vote – these are specific areas where MGIE will follow up to ensure managers have appropriate systems in place to ensure all votes are actioned. "Other" reflects instances where managers have withheld votes in Power of Attorney markets, share blocking markets or where conflicts of interest may be present. "Mixed" refers to occasions where underlying managers have voted differently for the same proposal. Vote decisions of this nature are monitored and fed into the wider engagement process with manager.

Fund Name	Total Proposals	Vote Decision					For/Against Mgmt	
		For	Against	Abstain	Do not vote	Others	For	Against
Mercer Fundamental Indexation Global Equity CCF	2,210	90%	8%	0%	0%	2%	88%	12%
Mercer Global Listed Infrastructure Fund	356	90%	6%	3%	1%	0%	90%	10%
Mercer Global Small Cap Equity Fund	9,529	92%	6%	1%	0%	2%	92%	8%
Mercer Low Volatility Equity Fund	7,806	93%	5%	0%	0%	1%	93%	7%
Mercer Multi-Asset Credit Fund	27	67%	0%	33%	0%	0%	62%	38%
Mercer Passive Global REITS UCITS CCF	3,090	82%	14%	0%	0%	4%	82%	18%
Mercer Sustainable Global Equity Fund	5,265	85%	13%	1%	0%	1%	86%	14%
MGI Emerging Markets Equity Fund	14,241	83%	12%	4%	0%	0%	85%	15%
MGI Eurozone Equity Fund	4,408	85%	12%	3%	0%	0%	85%	15%
MGI UK Equity Fund	1,081	99%	1%	0%	0%	0%	99%	1%

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Significant Votes: Mercer has based its definition of significant votes on its Beliefs, Materiality and Impact (“BMI”) Framework. In order to capture this in the monitoring and reporting of managers voting activities, significant votes focus on proposals covering priority areas identified by the BMI Framework.

Sample of the most significant votes



Fund	Shareholder Proposal (“SHP”)	Issuer	Vote Decision
Mercer Fundamental Indexation Global Equity CCF	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Intel Corp.	For
	Shareholder Proposal Regarding Report on Racism in Company Culture	Intel Corp.	For
	Shareholder Proposal Regarding Improvements in Executive Compensation Program	Apple Inc.	For
Mercer Global Listed Infrastructure Fund	Management Proposal Regarding Advisory Vote on Climate Action Plan (2021-2030)	Aena S.M.E. S.A.	Against
	Management Proposal Regarding Amendments to Articles (Sustainability and Climate Action Committee)	Aena S.M.E. S.A.	For
	Management Proposal Regarding Advisory Vote on Environmental Transition Plan	Vinci	For
Mercer Global Small Cap Equity Fund	Management Proposal Regarding Share Issuance Authority	ASR Nederland NV	For
	Management Proposal Regarding Election of Directors	Brunswick Corp.	For
	Management Proposal Regarding Election of Directors	West Fraser Timber Co.	For
Mercer Low Volatility Equity Fund	Shareholder Proposal Regarding Human Rights/Civil Rights Expertise on Board	Alphabet Inc	Mixed*
	Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity	Alphabet Inc	Mixed*
	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Microsoft Corp	Against
<i>*This mixed decision was the result of 1 manager voting “against”, and 3 managers voting “for” the proposal.</i>			
Mercer Multi-Asset Credit Fund	Shareholder Proposal Regarding Proxy Access Bylaw Amendment	Nisource, Inc. (Holding Co)	For
	Management Proposal Regarding Election of Directors	Nisource, Inc. (Holding Co)	For
Fund	Shareholder Proposal (“SHP”)	Issuer	Vote Decision
Mercer Sustainable Global Equity Fund	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Microsoft Corporation	Mixed*
	Shareholder Proposal Regarding Human Rights/Civil Rights Expertise on Board	Alphabet Inc	For
	Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity	Alphabet Inc	For
<i>*This mixed decision was the result of 2 managers voting “against”, and 1 manager voting “for” the proposal.</i>			
MGI Emerging Markets Equity Fund	Management Proposal Regarding Election of Directors	Taiwan Semiconductor Manufacturing	For
	Management Proposal Regarding Election of Directors	Infosys Ltd	For
	Management Proposal Regarding Election of Directors	Samsung Electronics	For
MGI Eurozone Equity Fund	Management Proposal Regarding Greenhouse	LMVH M.H.V SE	Against
	Management Proposal Regarding Election of Directors	Siemens AG	For
MGI UK Equity Fund	Management Proposal Regarding Approval of Climate Transition Action Plan	BHP Group plc	Against
	Shareholder Proposal Regarding Disclosure Concerning Coal, Oil and Gas Assets	BHP Group plc	Against
	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	BHP Group plc	For



Terra Nitrogen (UK) Ltd Pension Scheme Implementation Statement for the year ended 31 December 2021

Purpose

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 2021 ("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

The Scheme's SIP was reviewed and amended in January 2022.

Investment related activity

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 seek 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, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have 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

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	The extent to which the policy was followed
<p>Kinds of investments to be held</p> <p>The Trustees have agreed with the Company to maintain a policy of investing in equity funds, multi-asset 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 <u>all</u> of the asset classes in the policy.</p>	<p>The Trustees are satisfied that they followed the policy in full.</p>
<p>Balance between different investments</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>Risks (measurement and management)</p> <p>The Trustees have several policies in respect of risk management and measurement. The most relevant during the account period was;</p> <p><i>Risk from lack of diversification:</i> The Trustees' policy is to adequately diversify the overall asset allocation.</p>	<p><i>Diversification</i></p> <p>The range of investment options made available to members includes equity funds, multi-asset funds, bond funds, cash funds, as well as property investment.</p>	<p><i>Diversification</i></p> <p>The Trustees are satisfied that they followed the policy in full.</p>
<p>Expected return</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 <u>more or less risk</u>.</p>	<p>The Trustees are satisfied that they followed the policy in full over the reporting period.</p>
<p>Realisation of investments</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 Trustees have made available a range of investment options which are suitably realisable for members of a DC Fund.</p>	<p>The Trustees are satisfied that it has followed the policy over the reporting period but acknowledges it has little control over black swan events that could impact Fund liquidity.</p>
<p>ESG</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>Non-financial matters</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 considered the beneficiaries'</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 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>



views on risks including (but not limited to) ethical, <u>social</u> and environmental issues.		
<p>Voting rights</p> <p>The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.</p>	The underlying investment managers vote in accordance with their internal voting policies.	The Trustees are satisfied that it followed the policy in full over the period.
<p>Stewardship/relationship with managers</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>	The Trustees have yet to engage in any meaningful way with the investment managers.	The Trustees acknowledge that the policy has not been followed during the reporting year.

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
LGIM Global Equity (70:30) Fund
The fund manager has not provided stewardship code data at present
The manager voted on 99.9% of resolutions of which they were eligible out of 64,914 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 <u>take into account</u> 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 <u>take into account</u> 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 & 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 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.</p> <p>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.</p> <p>In determining significant votes, LGIM's Investment Stewardship team <u>takes into account</u> the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:</p> <ul style="list-style-type: none"> • High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;

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- 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

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Imperial Brands plc	Resolution 2 Approve Remuneration Report	LGIM voted against both resolutions	Resolution 2 received 40.26% votes against, and 59.73% votes of support
LGIM are concerned over the ratcheting up of executive pay; and LGIM believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.			
JPMorgan Chase & Co	Resolution 1c Elect Director Todd A. Combs	LGIM voted against the resolution	96.1% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
Johnson & Johnson	Resolution 1e Elect Director Alex Gorsky	LGIM voted against the resolution	93.4% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
NVIDIA Corporation	Resolution 1g Elect Director Harvey C. Jones	LGIM voted against the resolution	94.2% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			
The Home Depot, Inc.	Resolution 1l Elect Director Craig A. Menear	LGIM voted against the resolution	92.8% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			

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Fund Information			
LGIM 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 9,923 eligible votes.			
Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Imperial Brands plc	Resolution 2 Approve Remuneration Report	LGIM voted against both resolutions	Resolution 2 received 40.26% votes against, and 59.73% votes of support
LGIM are concerned over the ratcheting up of executive pay; and LGIM believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.			
EVRAZ Plc	Resolution 3 Re-elect Alexander Abramov as Director	LGIM voted against the resolution	82.8% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			
Grafton Group Plc	Resolution 3a Re-elect Michael Roney as Director	LGIM voted against the resolution	66.5% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			
Carnival Plc	Resolution1 Re-elect Micky Arison as Director of Carnival Corporation and as a Director of Carnival plc	LGIM voted against the resolution	94.3% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			
Balfour Beatty Plc	Resolution 4 Re-elect Philip Aiken as Director	LGIM voted against the resolution	78.0% of shareholders supported the resolution

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LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.

Fund Information			
LGIM Multi-Asset Fund (Formerly Consensus) Fund			
The fund manager has not provided stewardship code data at present			
The manager voted on 99.8% of resolutions of which they were eligible out of 77,577 eligible votes.			
Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
NextEra Energy, Inc	Resolution 1h Elect Director James L. Robo	LGIM voted against the resolution	88.1% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
Union Pacific Corporation	Resolution 1d Elect Director Lance M. Fritz	LGIM voted against the resolution	90.5% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
Prologis, Inc.	Resolution 1.a Elect Director Hamid R. Moghadam	LGIM voted against the resolution	93.5% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
American Tower Corporation	Resolution 1i Elect Director Pamela D.A. Reeve	LGIM voted against the resolution	94.7% of shareholder supported the resolution
LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.			
Alibaba Group Holding Limited	Resolution 1.1 - Elect Director Joseph C. Tsai	LGIM voted against the resolution	73.6% of shareholder supported the resolution

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LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

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 92.6% of resolutions of which they were eligible out of 2,270 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
Intuit Inc	Ratify Ernst & Young LLP as Auditors	Against Management	Voted against Company Management
Excessive auditor tenure.			
Visa Inc	Advisory Vote to Ratify Named Executive Officers' Compensation	Against Management	Voted against Company Management
The minimum vesting period is less than three years.			
Siemens AG	Amend Articles Re: Allow Shareholder Questions during the Virtual Meeting	Against Management	Voted against Company Management
Positive for shareholders.			

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The Walt Disney Company	Ratify PricewaterhouseCoopers LLP as Auditors	Against Management	Voted against Company Management
Excessive auditor tenure.			
Ping An Insurance (Group) Company of China, Ltd	Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights for H Shares	Against Management	Voted against Company Management
Excessive dilution.			


Voting Information			
Schroders UK Equity Fund			
The fund manager has not provided a stewardship code data at present.			
The manager voted on 99.8% of resolutions of which they were eligible out of 1,006 eligible votes.			
Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
British American Tobacco plc	Approve Remuneration Report	Against Management	Voted against Company Management
Continued increases in fixed pay.			
Pearson Plc	Authorise the Company to Call General Meetings with Two Weeks' Notice	Against Management	Voted against Company Management
Not in shareholders' best interests.			
Unilever Plc	Approve Remuneration Report	Against Management	Voted against Company Management
Targets in pay dependent on discretion rather than performance.			
BP Plc	Approve Shareholder Resolution on Climate Change Targets	Against Management	Voted against Company Management

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A vote against this resolution is given on the premise that the company in the past year has set industry-leading climate targets; largely relating to the use of absolute emissions reduction targets compared to intensity-based targets and the numerous timescales and scopes (scope 1+2+3) at which reductions are set.			
Ocado Group Plc	Approve Remuneration Report	Against Management	Voted against Company Management
Pay very short term focussed with lack of disclosure.			

There were no votes against management for the Schroders Dynamic Multi-Asset Fund over the reporting period, therefore no significant votes were recorded in this report.

Signed: , Chair of Trustees

Date: 29 July 2022