

Following our investment principles

Annual Implementation Statement for the Plan year ending 30 September 2020

This document provides an assessment of how the Trustee has put its Statement of Investment Principles (SIP) into practice during the year.

It covers three main areas: voting rights and voting behaviour; the engagement and monitoring of investment managers; and how responsible investment (referred to as ESG) has been considered as part of the investment decision-making process.

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Section 1: Introduction

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustee of ITV Defined Contribution Plan (“the Plan”) covering the Plan year (“the year”) to 30 September 2020.

The purpose of this statement is to:

- Detail any reviews of the Statement of Investment Principles (“SIP”) that the Trustee has undertaken, and any changes made to the SIP over the year as a result of the reviews
- Set out the extent to which, in the opinion of the Trustee, the Plan’s SIP has been followed during the Plan year
- Describe the voting behaviour on behalf of the Trustee over the year.

The Plan makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

A copy of this implementation statement has been made available on the following website: www.itvdcplan.com

Section 2: Review of and changes to the SIP

The SIP was reviewed and updated once in the year, in March 2020. This review and update reflected changes to the Hands on investment options and the creation of a fund range for members joining the newly established ITV Auto-Enrolment Plan. The SIP was also updated to reflect changes to the administrator and platform provider for the Plan. No other policies in the previous SIP were changed as a result of this review,

For the purpose of assessing how the Plan’s SIP has been followed, the remainder of this statement specifically focusses on the SIP agreed in March 2020.

Since the end of the Plan Year, a new version of the SIP was adopted as at 1 October 2020 to reflect new regulatory requirements coming into force from 1 October 2020. The SIP has also been separated into two documents to reflect the investment policies for the DC Sections and the ITV Auto-Enrolment Plan.

Section 3: Adherence to the SIP

The Trustee believes the policies outlined in the SIP have been followed during the Plan year and the justification for this is set out in the remainder of this section. Please note that this statement only covers sections of the SIP deemed to represent the Trustee's policies, and not introductory or background comments, or statements of fact.

Investment policy and member investment options

The Trustee's investment policy is structured to achieve its objectives to: ensure the individual fund options are suitably invested and managed, and; provide members with a diversified range of investment options designed to allow them to meet their own risk, return, liquidity and retirement planning preferences.

The Trustee implements its investment policy through the Hands off strategies and Hands on fund options that it makes available to members. Overall, the Trustee believes this range of options offers members a balanced range of investment options to allow them to match their investment choice against their own risk tolerance and the different ways in which they may take their benefits.

During the Plan year the Trustee concluded its review of the Hands on funds, and of the Hands off and Hands on strategies to make available to members in the ITV Auto-Enrolment Plan. Key outcomes of these reviews were:

- To change the components within the active equity funds, to create a blend of underlying fund managers and investment styles. This reduces the risk of investing with a single investment manager, or using a single specific style of management.
- To rationalise the range of Hands on funds where appropriate, in order to simplify the choice for members.
- To offer an appropriate default Hands off strategy and range of Hands on funds for members in the ITV Auto-Enrolment Plan, taking account their expected levels of contribution, likely length of membership and level of engagement with their investment decisions.

Full details of all the Hands off and Hands on options are contained in the Investment Policy Document which supports the SIP.

Investment Risk

The Trustee monitors investment risks associated with the Plan in a number of ways:

- As part of the at least quarterly monitoring of the investment funds, which includes monitoring of short and long term performance, and monitoring of fund managers. The reports have recently been expanded to monitor capital risk of the active equity funds used in the Plan.
- As part of the reviews of the Hands off and Hands on investment strategies carried out over time. When undertaking these strategy reviews, the Trustee considers the membership demographics of the Plan, and considers both short and long term risks associated with the investment strategies.

Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The investment strategy reviews take account of the overall balance of these risks.

The investment guide available on the Plan website explains to members the balance between risk and reward and the types of risk they should consider when selecting their investment options.

Monitoring investment performance and investment manager monitoring

The Trustee receives a quarterly monitoring report from its investment adviser, which is discussed at Trustee meetings during the year, so as to fully understand the background to and reasons for performance of each fund and its component parts.

In addition, the investment adviser will update the Trustee in between these meetings if a particular issue arises with Legal & General or one of the funds made available within the Plan.

The overall suitability of the Plan's investment managers is formally reviewed as part of the Trustee strategy reviews, with the most recent in 2019. Suitability of managers is also discussed and considered on a quarterly basis as part of the Trustees regular monitoring, with the investment adviser providing its ratings and views on managers as required.

Social responsibility and corporate governance

The Trustee believes that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term, and that sustainable investment is an important and relevant issue. The Trustee also believes that investment managers should exercise strong stewardship, in accordance with the UK Stewardship Code, and follow a policy of active engagement with the companies in which a fund invests.

The Trustee explores the approaches to Sustainable investment and stewardship followed by its investment managers, with advice from its investment adviser.

During the Plan year, the Trustee undertook a sustainable investment assessment of the Plan's managers. This exercise involved the investment adviser producing detailed reports on the sustainable investment characteristics of the managers included in the Plan's funds and information on ESG initiatives and stewardship. The report also included the adviser's views and ratings of managers' approach to ESG integration and stewardship activities. This included an assessment of the managers' commitment to ESG integration, the level of resources dedicated to ESG and stewardship, and the policies applied to corporate engagement and shareholder voting on relevant sustainable investment issues.

Overall the managers' scored well on the majority of areas assessed. The Trustee intends to continue developing its approach to monitoring the fund managers in these areas, and to continually evolve its policy on sustainable investment. It has agreed to meet with Legal & General during the 2020-2021 Plan year to further discuss sustainable investing and it will also seek the views of members on sustainable investment and ESG in the coming year.

Realisation of investments

The Trustee’s policy is to offer members fund options that can be readily realised to allow members to access funds quickly and easily. That said, the Plan does offer one investment option – the Property and Infrastructure fund – which invests in assets that has historic occurrences of occasions when the funds were not readily realisable due to liquidity and valuation issues. As part of the recent Hands On review, the Trustee considered the specific issues associated with this fund. It concluded that whilst the fund can present difficulties in circumstances when access is restricted and members are not able to realise their investments quickly, there are advantages from its long term growth potential and the potential for members to add diversification to their overall investment portfolio. It was also a popular choice for members who had chosen to invest in Hands on funds.

During the Plan year the Property and Infrastructure fund held by Legal & General was suspended, due to the economic and market environment that arose as a result of the COVID-19 pandemic. The Trustee took steps to re-direct members’ contributions to the Money markets fund during that period, and the suspension on that fund was lifted at the end of September 2020.

During the Plan year the previous Property and Infrastructure fund that remained with Scottish Widows was also suspended, as the underlying manager has been experiencing liquidity issues and was unable to fulfil redemption orders. That suspension remained in place though the Plan year.

Section 4: Voting and Engagement

The Plan’s equity holdings are held within pooled investment vehicles and the Trustee delegates voting rights and the execution of those rights to the underlying managers for the securities they hold. The Plan’s investment advisers engage managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements.

Further information on the voting and engagement activities of the managers is provided in the summary table below. Information on the managers’ key voting activities is set out in Appendix 1.

Fund	Underlying fund(s)	Votes cast	Use of proxy voter	Significant votes
Global Shares (index tracker)	LGIM MSCI World Adaptive Capped	22,730 (99% of eligible votes) 19% of votes against management / <1% abstained	See “LGIM Index Funds” below	See “LGIM Index Funds” below
Global Shares	Baillie Gifford Long Term Global Growth	375 (100% of eligible votes) 3% of votes against management / 0% abstained	Uses proxy voting recommendations to augment its own research but ultimately all voting decisions are made by Baillie Gifford	Amazon Kering
	River & Mercantile	4,125 (100% of eligible votes)	Uses proxy to implement the manager’s voting	Facebook CGG

	Global High Alpha	24% of votes against management / 1% abstained	policy, overriding the recommended action when it differs from R&M's General Principles on standards for good corporate governance and management of environmental and social issues	
	Veritas Global Focus	463 (100% of eligible votes) 16% of votes against management / 1% abstained	Uses proxy to implement the manager's voting policy	Alphabet Inc. CVS Health Corporation
UK Shares (index tracker)	LGIM UK Equity	11,799 (100% of eligible votes) 7% of votes against management / <1% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
UK shares	Lindsell Train UK Equity	341 (91% of eligible votes) 0% of votes against management / <1% abstained	Uses proxy voting recommendations to augment its own research but ultimately all voting decisions are made by Lindsell Train	London Stock Exchange Mondelez
	River & Mercantile UK High Alpha	3,810 (100% of eligible votes) 5% of votes against management / <1% abstained	Uses proxy to implement the manager's voting policy, overriding the recommended action when it differs from R&M's General Principles on standards for good corporate governance and management of environmental and social issue	GlaxoSmithkline On The Beach
Emerging Markets (index tracker)	LGIM World Emerging Markets Equity	13,209 (98% of eligible votes) 16% of votes against management / 1% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
Mixed Investments	LGIM Diversified	84,610 (99% of eligible votes) 19% of votes against management / <1% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below

Mixed Investments (Absolute Return)	Fulcrum Diversified Absolute Return	2,167 (100% of eligible votes) 4% of votes against management / 4% abstained	Fulcrum's default is to use the proxy's standard voting policy, however, there may be times where it overrides its advice, particularly related to climate change proposals	Fortum Corporation Nextera Energy
Social Conscience	Jupiter Ecology	817 (100% of eligible votes) <1% of votes against management / <1% abstained	Uses proxy voting recommendations to augment its own research but ultimately all voting decisions are made by Jupiter	Xylem Knorr-Bremse
Shariah Law (index tracker)	HSBC Global Islamic Index	1,587 (97% of eligible votes) 13% of votes against management / 0% abstained	Uses proxy to implement the manager's voting policy	Microsoft Tokyo Electron
Property & Infrastructure	LGIM Global Real Estate Equity	2,622 (99% of eligible votes) 11% of votes against management / <1% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
	LGIM Infrastructure Equity MFG	1,039 (97% of eligible votes) 15% of votes against management / 0% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
LGIM Index Funds			Uses proxy voting recommendations to augment its own research but ultimately all voting decisions are made by LGIM	BP Bayer

Appendix 1: Voting activity

Introduction

This appendix is supplementary to the Annual Implementation Statement (“the statement”) prepared by the Trustee of ITV Defined Contribution Plan (“the Plan”) covering the Plan year (“the year”) to 30 September 2020. It provides additional detail on the key voting and engagement activities for the managers during the year.

Legal & General Investment Management (LGIM) – Diversified Fund, Global Real Estate Equity Index Fund, Infrastructure Equity MFG Fund, MSCI World Adaptive Capped Fund, World Emerging Market Equity Index Fund and UK Equity Index Fund

Voting Activities:

MSCI World Adaptive Capped Fund:

- There were 22,960 eligible votes for the fund over the 12 months to 30 September 2020
- The manager exercised 99% of its votes over the year
- 19% of votes were against management and <1% were abstained
- 14% of votes were contrary to the proxy advisor’s recommendation

UK Equity Index:

- There were 11,799 eligible votes for the fund over the 12 months to 30 September 2020
- The manager exercised 100% of its votes over the year
- 7% of votes were against management and <1% were abstained
- 6% of votes were contrary to the proxy advisor’s recommendation

World Emerging Market Equity Index:

- There were 13,479 eligible votes for the fund over the 12 months to 30 September 2020
- The manager exercised 98% of its votes over the year
- 16% of votes were against management and 1% were abstained
- 9% of votes were contrary to the proxy advisor’s recommendation

Diversified Fund:

- There were 85,465 eligible votes for the fund over the 12 months to 30 September 2020
- The manager exercised 99% of its votes over the year
- 19% of votes were against management and <1% were abstained
- 12% of votes were contrary to the proxy advisor’s recommendation

Global Real Estate Equity Index:

- There were 2,648 eligible votes for the fund over the 12 months to 30 September 2020
- The manager exercised 99% of its votes over the year
- 11% of votes were against management and <1% were abstained
- 7% of votes were contrary to the proxy advisor’s recommendation

Infrastructure Equity MFG Fund:

- There were 1,071 eligible votes for the fund over the 12 months to 30 September 2020
- The manager exercised 97% of its votes over the year
- 15% of votes were against management and 0% were abstained
- 12% of votes were contrary to the proxy advisor’s recommendation

What is LGIM’s policy on consulting with clients before voting?

LGIM’s voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM’s voting policies are reviewed annually and take into account feedback from its 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 its views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop its voting and engagement policies and define strategic

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

Please describe whether LGIM has made use of any proxy voter services

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 it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes in accordance with LGIM's position on ESG, it has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers to be minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Please provide an overview of LGIM's process undertaken for deciding how to vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with its 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.

Is LGIM currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?

No response provided.

Please include here any additional comments which are relevant to LGIM's voting activities or processes

LGIM sees it as vital that the proxy voting service is regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out its expectations, an analysis of any issues experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have

been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of its formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that it has the capacity and competency to analyse proxy issues and make impartial recommendations.

Most significant vote – Vote 1: BP

Resolution: Approve the Climate Action 100+ Shareholder Resolution on Climate Change Disclosures

Approximate size of the fund's holding as at the date of the vote: Not provided

Guidance – Proxy: Not provided, Management: Not provided

Action: For

LGIM and other major shareholders put forward a proposal calling on BP to explain how its strategy is consistent with the Paris Agreement on climate change. LGIM worked with the board of BP to secure its support for the motion. At the company's annual general meeting, the proposal was passed with overwhelming approval from shareholders.

LGIM believe this is a significant vote as this is the first Shareholder proposal put forward by LGIM itself.

Outcome:

For the resolution

LGIM continues to engage with the company and monitor progress. LGIM has since met BP repeatedly – including its chair and incoming CEO – to advise on implementing the resolution. The company has announced industry-leading targets: net zero emissions from its operations, net zero carbon emissions from the oil and gas it digs out of the ground, and a 50% reduction in the carbon intensity of all the products it sells.

Most significant vote – Vote 2: Bayer AG

Resolution: Approve Discharge of Management Board for Fiscal 2018

Approximate size of the fund's holding as at the date of the vote: Not provided

Guidance – Proxy: Not provided, Management: For

Action: Against

Following its acquisition of agribusiness Monsanto, Bayer was asked to pay millions in damages in several court cases where plaintiffs claimed that Monsanto's glyphosate-based weed killer Roundup was linked to causing cancer. The damages were reduced upon appeal, and Bayer was adamant that Roundup was not carcinogenic. LGIM is concerned that the Bayer supervisory and management boards had not fully considered the significant risks related to glyphosate litigation in the US. Although at the time of the merger agreement in 2016 there were only about a hundred such lawsuits, by the end of 2019, the number grew to over 40,000. From the finalisation of the acquisition in May 2018 until July 2019 Bayer's share price fell by approximately 45%.

Unrelated to the litigation, LGIM has previously discussed the importance of a lead independent director, particularly in times of crisis. It spoke to the company ahead of its 2019 AGM to gain a better understanding of the decision-making process in relation to the Monsanto acquisition and the legal advice it received for litigation risk. LGIM recommended establishing advisory and M&A committees, staffed by members appointed with specific expertise; appointing non-executive directors with specific expertise; and appointing new executives. In addition, it suggested that these incidents should have a bearing on remuneration awarded for the year.

LGIM considers this a significant vote as it was a vote of no confidence.

Outcome:

Against management, against the resolution.

The company subsequently established a glyphosate litigation committee to monitor litigation and consult with the board. LGIM will continue to pay close attention to the litigation and any possible settlements, as well as the decisions of Bayer's remuneration committee. The company also announced that the Chair would step down at the 2020 AGM.

Baillie Gifford – Long Term Global Growth Fund

<p>Voting Activities</p> <ul style="list-style-type: none">• There were 375 eligible votes for the fund over the 12 months to 30 September 2020• The manager exercised 100% of its votes over the year• 3% of votes were against management and 0% were abstained
<p>What is Baillie Gifford’s policy on consulting with clients before voting?</p> <p>All voting decisions are made by Baillie Gifford’s Governance & Sustainability team in conjunction with investment managers. It does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then they will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.</p>
<p>Please describe whether Baillie Gifford has made use of any proxy voter services</p> <p>Baillie Gifford is cognisant of proxy advisers’ voting recommendations (ISS and Glass Lewis) but do not delegate or outsource any of its stewardship activities or follow or rely upon its recommendations when deciding how to vote on its clients’ shares.</p> <p>All client voting decisions are made in-house. Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers’ policies. It also has specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information.</p>
<p>Please provide an overview of Baillie Gifford’s process undertaken for deciding how to vote</p> <p>Baillie Gifford considers thoughtful voting of its clients’ holdings to be an integral part of its commitment to stewardship. Baillie Gifford believes that voting should be investment led, because how they vote is an important part of the long term investment process, which is why its strong preference is to be given this responsibility by its clients.</p> <p>Baillie Gifford believes the ability to vote its clients’ shares also strengthens its position when engaging with investee companies. Its Governance and Sustainability team oversees its voting analysis and execution in conjunction with its investment managers. Baillie Gifford does not outsource any part of the responsibility for voting to third-party suppliers, they utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with its Governance & Sustainability Principles and Guidelines and endeavour to vote every one of its clients’ holdings in all markets.</p>
<p>Is Baillie Gifford currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>At Schibsted ASA, Investment AB Kinnevik and Adevinta ASA, Spencer Adair, James Anderson and Chris Davies respectively, Baillie Gifford partners and/or fund managers were elected onto the nomination committee. It is market practice in Scandinavia for representatives of a company's largest shareholders to make up the committee; the Nomination Committee is not a board committee.</p> <p>Within Baillie Gifford, any decisions with material relevance are made in conjunction with multiple members of the portfolio construction group ensuring robust discussion and debate. As this is not a board position and does not have the value to vote on substantive company policies or actions, they support the opportunity to be more closely involved in the governance and stewardship of one of its clients' holdings.</p> <p>Baillie Gifford did not comment on any other conflicts.</p>

Please include here any additional comments which are relevant to Baillie Gifford's voting activities or processes

No response provided

Most significant vote – Vote 1: Amazon

Resolution: Shareholder Resolution - Governance

Approximate size of the fund's holding as at the date of the vote: 8.3%

Guidance – Proxy: Not provided, Management: Against,

Action: For

Baillie Gifford voted in favour, to support a shareholder proposal to improve the transparency of Amazon's corporate lobbying policies and governance. It believes greater transparency of all political expenditures and lobbying, particularly indirect spending through trade associations, coalitions and charities, would enable shareholders to assess alignment with Amazon's values and corporate goals.

Baillie Gifford considers this resolution to be significant because it was submitted by shareholders and received greater than 20% support.

Outcome:

Against the resolution, in favour of management.

Amazon provides good disclosure of its direct political expenditures and there is board level oversight of its activities by the audit committee. However, Baillie Gifford considers areas for improvement to be relating to its indirect spending through trade associations, coalitions and charities. Whilst the company discloses the gross amounts of trade association payments, it does not break out payment by group and does not disclose the portion of these payments that are used for lobbying.

Peer companies Facebook and Alphabet publish a list of trade associations where they maintain membership, while Amazon only discloses names of those associations it made payments >\$10,000. Greater transparency of all political expenditures and lobbying would enable shareholder to assess alignment with Amazon's values and corporate goals.

Most significant vote – Vote 2: Kering

Resolution: Remuneration - Report

Approximate size of the fund's holding as at the date of the vote: 3.5%

Guidance – Proxy: Not provided, Management: For,

Action: Against

Baillie Gifford opposed the resolution related to remuneration due to concerns with the link between pay and performance.

Baillie Gifford has assessed this vote to be most significant due to it being on the topic of remuneration.

Outcome:

For the resolution, in favour of management.

Baillie Gifford opposed backwards looking remuneration proposals at the AGM and supported forward looking remuneration proposals. Baillie Gifford will continue to engage on remuneration with the company.

River and Mercantile (R&M) – River and Mercantile Global Equity High Alpha Fund

<p>Voting Activities</p> <ul style="list-style-type: none">• There were 4,125 eligible votes for the fund over the 12 months to 30 September 2020• The manager exercised 100% of its votes over the year• 24% of votes were against management and 1% were abstained• 15% of votes were contrary to the proxy advisor’s recommendation
<p>What is R&M’s policy on consulting with clients before voting?</p> <p>Clients may request for R&M to vote in a specific manner in an upcoming meeting. The R&M Operations team has set up a process to monitor and process these requests.</p>
<p>Please describe whether R&M has made use of any proxy voter services</p> <p>R&M use a third party, ISS Corporate Solutions, to implement its voting policy, overriding the recommended action when it differs from R&M’s General Principles on standards for good corporate governance and management of environmental and social issues.</p>
<p>Please provide an overview of R&M’s process undertaken for deciding how to vote</p> <p>R&M’s Voting & Engagement Policy sets out its beliefs on what it regards as best practice for companies globally. For UK companies it incorporates the standards set by the UK Corporate Governance Code and intends to deal with issues that are either not covered, require greater emphasis or are specifically left open for shareholders to resolve with company boards. This also applies to companies listed outside the UK, as they believe this Code has taken a lead in encouraging companies to set higher standards of corporate governance in promoting transparency, integrity and to adopt a medium to long-term view in decision making for the benefit of all stakeholders. Implementation of its Policy is mainly by voting, with engagement as appropriate.</p> <p>Fundamental principles are set out in the R&M Policy and applied in the majority of cases. However, R&M discourages passive box ticking and aims to take an informed and pragmatic approach to voting. R&M will give due consideration to the specific circumstances and facts available to each investor before voting. For UK companies R&M supports a “comply or explain” approach to corporate governance and endorses the Code. They expect UK companies to explain and justify any reasons for non-compliance, and to outline its plans for compliance in future. In the case of non-compliance, R&M reserves the right to accept or reject the explanation. For non-UK companies, R&M is supportive of similar Codes.</p> <p>R&M believes the overriding objective of the company should be to optimise over time the returns to its shareholders. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, R&M expects that the company should endeavour to ensure the long-term viability of its business, and to manage effectively its relationships with stakeholders.</p>
<p>Is R&M currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>R&M is not impacted by any of conflicts of interests listed.</p>
<p>Please include here any additional comments which are relevant to R&M’s voting activities or processes</p> <p>No response provided.</p>

Most significant vote – Vote 1: Facebook

Resolution: Elect Director Marc Andreesson

Approximate size of the fund's holding as at the date of the vote: 1.6%

Guidance – Proxy: Not provided, **Management:** For,

Action: Abstain

Following the shootings in Christchurch New Zealand in March 2019, R&M is supporting a collaborative engagement initiative with social media companies led by the New Zealand Super Fund. This has involved its name being added to the names of institutions on whose behalf letters have been sent to Facebook, Alphabet and Twitter. The aim of the initiative is to make the social media platforms a safe place for all by taking action to prevent the live streaming and distribution of objectionable content. R&M has also supported shareholder resolutions on this issue.

After engagement, the collaborative group of shareholders have not been able to gain sufficient clarity on the leadership taken by the Facebook board or the ultimate lines of accountability for directors and other relevant senior executives when serious content breaches occur, such as that of the live-streaming and dissemination of the Christchurch shootings. R&M and the collaborative shareholders continue to have concerns that the Facebook platform is open to abuse, and they have no way of knowing that the issue is being managed with the appropriate proportionality to the scale of the problem. On this basis, R&M withheld votes for any directors who have been at Facebook for more than 12 months and who are on the Audit and Risk Oversight Committee, namely Marc Andreessen and Peggy Alford.

R&M believe this vote is significant due to the company's large holding in the portfolio.

Outcome:

For the resolution and in support of management.

Marc Andreessen and Peter Thiel as members on the Board of Directors received the lowest vote count of any of the directors, with Andreessen getting only 54.8% of the independent vote and Thiel getting 62.6%. Other directors received between 86.25% and 98.6% support from independent shareholders.

Of the 3 companies engaged (Facebook, Alphabet and Twitter), Facebook has been the one that has made most progress, but R&M believes there is still more required. R&M will continue to support this collaboration with its voting and believe Independent shareholder views are beginning to have an impact.

Most significant vote – Vote 2: CGG

Resolution: Remuneration

Approximate size of the fund's holding as at the date of the vote: 0.2%

Guidance – Proxy: Not provided, **Management:** For,

Action: Against

R&M continues to vote against CGG's Remuneration Policy because severance payments are more than 1 year. It also questions the inclusion of an 'average of the last 3 bonuses' and mentioned on this alone they would vote against the current Contractual Termination indemnity of 200% of the Annual reference remuneration (salary + average of the last 3 bonuses).

R&M considers this vote significant as across its asset management business they owned 6% of the company.

Outcome: Not known.

R&M will continue to vote against remuneration Policy until executive termination provisions are no more than one year's salary and benefits.

Veritas Asset Management – Veritas Global Focus Fund

<p>Voting Activities</p> <ul style="list-style-type: none"> • There were 463 eligible votes for the fund over the 12 months to 30 September 2020 • The manager exercised 100% of its votes over the year • 7% of votes were against management and 1% were abstained • 16% of votes were contrary to the proxy advisor’s recommendation
<p>What is Veritas’s policy on consulting with clients before voting?</p> <p>Veritas has a dedicated Global investment team that understands the businesses they invest in on behalf of its clients. Veritas believe these are the best people to assess whether a company is good quality or whether it is carrying out activities/practices that will be potentially detrimental to shareholders are its investment analysts and Portfolio Managers.</p> <p>Veritas will take third party views into consideration, such as Institutional Shareholder Services ("ISS"), AMNT Red Lines, and questions raised by clients who utilise the services of proxy advisors, but reiterated that the final decision of how to cast its vote rests with the Veritas investment team.</p>
<p>Please describe whether Vertias has made use of any proxy voter services</p> <p>VAM LLP use Institutional Shareholder Services ("ISS"), for vote execution and policy application.</p>
<p>Please provide an overview of Veritas’s process undertaken for deciding how to vote</p> <p>Veritas will receive all relevant proxies and the investment analyst will then determine if they believe that Veritas should vote in favour or against management. After discussing with the Portfolio Manager and making a final decision, the analyst will instruct the custodian or prime broker via the Operations Team how to vote. This is done via ISS, the role of the Operations Team is to ensure that the voting of proxies is done in a timely manner. The Role of the Chief Operating Officer (“COO”) is to monitor the effectiveness of these policies.</p> <p>Veritas uses ISS to execute voting on behalf of clients. Veritas has also mandated ISS to construct a customized screen for various ESG issues which incorporates the AMNT Red Lines, on a best endeavours basis. The AMNT Red Line Voting Policy contains 37 guidelines covering topics associated with ESG. Should any of the 37 red lines be breached, the instruction is to either vote against management or explain why not. Given this Red Line Voting Policy was developed principally for pooled fund investors (who have been unable to direct votes) and for UK stocks only, Veritas has instructed ISS to apply the guidelines globally where applicable and apply the policy across all clients.</p> <p>The investment analysts will consider the guidelines and any research when making its decision. In the case where a vote goes against a red line or where Veritas decides to vote against management, an explanation will be provided in the reporting. On occasion, they may decide to vote against management where the recommendation has been a vote in favour and again an explanation will be given.</p>
<p>Is Veritas currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>Veritas is not impacted by any of conflicts of interests listed.</p>
<p>Please include here any additional comments which are relevant to Veritas’ voting activities or processes</p> <p>No response provided.</p>
<p>Most significant vote – Vote 1: Alphabet Inc.</p>

Resolution: Establish Human Rights Risk Oversight Committee

Approximate size of the fund's holding as at the date of the vote: 7.2%

Guidance – Proxy: Not provided, Management: Not provided,

Action: For

Veritas voted in favour of this proposal because they believe continued controversies call into question the extent to which the existing board structure provides adequate oversight on risks the company's technologies present to human rights, which, in turn, creates risks for the company in terms of retaining high-level employees and retaining a good reputation in the eyes of users and advertisers. Also, given the pervasive role of Google in society this should be undertaken.

Veritas consider this a significant vote as the company represented 7.2% of the fund and as is believes this vote may influence corporate governance practices.

Outcome:

Proposal rejected with 84% majority.

Most significant vote – Vote 2: CVS Health Corporation

Resolution: Advisory vote to ratify named Executive Officer's compensation

Approximate size of the fund's holding as at the date of the vote: 3.1%

Guidance – Proxy: Not provided, Management: For,

Action: Against

CVS Health proactively engaged with Veritas in October 2019 and ahead of the AGM to ensure they understood the rationale for the pull forward of the PSU grant to Larry Merlo, CEO, and the new LTI structure.

Veritas appreciated the engagement but continued to have the following concerns:

- 1) The adjusted EPS targets set by management (ratified by the board) were not rigorous or stretching enough (c.5% CAGR)
- 2) The link to returns achieved by shareholders was not strong enough. The TSR is only a modifier and 100% payout is achieved at only median performance. Whilst Veritas accept this can ratchet up and down 25% if TSR is 75% percentile or 25% percentile respectively, it should be more effectively incentivizing outperformance with a greater proportion of value associated with 75% percentile performance or above.
- 3) The payments appeared egregious relative to both others in the industry and (as above) the returns of shareholders in recent year.

Veritas consider this a significant vote given the increased engagement with the company and that this vote may have a material impact on both long-term shareholder value creation and Corporate Governance.

Outcome:

Proposal rejected with 76% majority.

Lindsell Train – Lindsell Train UK Equity Fund

<p>Voting Activities</p> <ul style="list-style-type: none">• There were 374 eligible votes for the fund over the 12 months to 30 September 2020• The manager exercised 91% of its votes over the year• 0% of votes were against management and <1% were abstained
<p>What is Lindsell Train’s policy on consulting with clients before voting?</p> <p>Lindsell Train does not typically consult with clients ahead of voting. It noted that there are one or two clients, for whom it manages segregated mandates and who occasionally ask for its voting intentions. Lindsell Train is happy to share this information on request.</p>
<p>Please describe whether Lindsell Train has made use of any proxy voter services</p> <p>Lindsell Train has appointed Glass Lewis to aid the administration of proxy voting and provide additional support in this area. Lindsell Train stresses however that the portfolio managers maintain final decision-making responsibility, which is based on their detailed knowledge of the companies in which they invest, as this forms an important part of its investment process and proactive company engagement strategy.</p> <p>It has a bespoke policy, which the portfolio managers may choose to refer to.</p>
<p>Please provide an overview of Lindsell Train’s process undertaken for deciding how to vote</p> <p>Lindsell Train explained that the primary objective of its voting policy is to protect or enhance the economic value of the investments it has made on behalf of its clients. Lindsell Train will vote against any agenda item that threatens this economic value, in particular when it has concerns over inappropriate management remuneration or incentives, changes in capital structure and mergers or acquisitions which are seen as detrimental to the creation of business value.</p> <p>Where Lindsell Train has delegated voting authority from its clients, they recognise that the exercise of these voting rights is a fiduciary duty that must be exercised with skill, care, prudence and diligence.</p> <p>Lindsell Train’s Portfolio Managers maintain final decision-making responsibility for all votes, based on its knowledge of the companies in which they invest.</p> <p>Lindsell Train has appointed an independent proxy agent, Glass Lewis to assist with the proxy voting process. Glass Lewis provides additional research, analysis and voting recommendations, based upon both its own policy and Lindsell Train’s Proxy Voting Guidelines. Lindsell Train’s Portfolio Managers use Glass Lewis’ Viewpoint platform to process votes and provide enhanced reporting to its clients. Lindsell Train will give consideration to Glass Lewis’ own voting recommendations but will not necessarily support its position if it is not viewed by Lindsell Train as in the best interest of its clients. Voting authority remains with Lindsell Train, with the exception of receiving specific client’s instructions.</p> <p>Lindsell Train believes that proxy voting forms an important part of its investment process and proactive company engagement strategy. Lindsell Train votes on behalf of its clients in accordance with its own Proxy Voting Guidelines which govern, under each voting category, whether to vote For, Against or Abstain. These guidelines are approved collectively by the Portfolio Managers and they are reviewed semi-annually.</p>

Is Lindsell Train currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?

Lindsell Train noted the following:

Hargreaves Lansdown (HL)

Lindsell Train's aggregate holding in Hargreaves Lansdown is greater than 10%. There is a potential conflict in that Lindsell Train's significant holding may be perceived as affording it influence over HL's positioning/marketing of Lindsell Train funds on its platform or otherwise enable Lindsell Train to reach more favourable commercial terms with HL in relation to the sale and distribution of Lindsell Train products.

Mitigating controls

- The investment decision making process and HL platform distribution relationship are clearly segregated, with separate reporting lines up to Board level.
- Lindsell Train's distribution agreement has been negotiated on an arms-length basis and on normal commercial terms. HL has actually negotiated extremely competitive pricing on the funds but equally not terms which that are exclusive to them.
- Lindsell Train will also carefully assess where any matters on which it is required to exercise its voting authority presents a conflict with the business relationship that it has in respect of HL and where a material conflict exists Lindsell Train will not vote.

Finsbury Growth and Income Trust & Lindsell Train Investment Trust (LTIT)

Finsbury Growth & Income Trust (FGIT) holds shares in LTIT where Lindsell Train is the investment manager for both Funds. The decision to invest in LTIT was made by the FGIT Board of Directors for investment and strategic reasons.

Mitigating controls

- Lindsell Train will not be allowed to buy or sell LTIT other than when receiving instructions from FGIT Board.
- Lindsell Train will not cast its vote in respect of FGIT's holdings in LTIT. The Board will be asked to cast its vote and instruct Lindsell Train.

Lindsell Train Investment Trust (LTIT) holds shares in FGIT where Lindsell Train is also the investment manager for both Funds. The decision to invest in FGIT was made by the LTIT Board of Directors for investment and strategic reasons.

Mitigating controls

- Lindsell Train will not be allowed to buy or sell FGIT other than receiving instructions from LTIT Board. Michael Lindsell who sits on the LTIT Board is precluded from making any investment decisions due to the perceived conflict.
- Lindsell Train will not cast its vote in respect of LTIT's holdings in FGIT. The Board will be asked to cast its vote and instruct Lindsell Train.

Please include here any additional comments which are relevant to Lindsell Train's voting activities or processes

No response provided.

Most significant vote – Vote 1: London Stock Exchange

Resolution: To approve the acquisition of Refinitiv

Approximate size of the fund's holding as at the date of the vote: 9.9%

Note: Lindsell Train has provided approximate size of the fund's holding as at the preceding month from the data of the vote.

Guidance – Proxy: Not provided, Management: For

Action: For

Lindsell Train voted for the Refinitiv acquisition as it believes the deal is a good strategic fit for the company and is a continuation of the strategic direction the company has been moving in for the last decade.

Lindsell Train believes this is a significant vote as they engaged directly with management on the matter.

Outcome:

In favour of management, for the resolution.

Most significant vote – Vote 2: Mondelez

Resolution: Advisory vote on Executive compensation

Approximate size of the fund's holding as at the date of the vote: 9.0%

Guidance – Proxy: Not provided, Management: For

Action: Abstain

Lindsell Train pays careful consideration to the compensation policies of the companies in which it invests. In assessing its compensation policies it focuses more on how incentives are structured rather than the actual quantum of compensation. In other words it can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and its principles.

In the case for Mondelez Lindsell Train did not believe that the company's compensation policy was aligned with the long-term best interests of the shareholders.

Outcome:

In favour of management, for the resolution.

River and Mercantile (R&M) – River and Mercantile UK Equity High Alpha Fund

<p>Voting Activities</p> <ul style="list-style-type: none">• There were 3,810 eligible votes for the fund over the 12 months to 30 September 2020• The manager exercised 100% of its votes over the year• 5% of votes were against management and <1% were abstained• 5% of votes were contrary to the proxy advisor’s recommendation
<p>What is R&M’s policy on consulting with clients before voting?</p> <p>Clients may request for R&M to vote in a specific manner in an upcoming meeting. The R&M Operations team has set up a process to monitor and process these requests.</p>
<p>Please describe whether R&M has made use of any proxy voter services</p> <p>R&M uses a third party, ISS Corporate Solutions, to implement its voting policy, overriding the recommended action when it differs from R&M’s General Principles on standards for good corporate governance and management of environmental and social issues.</p>
<p>Please provide an overview of R&M’s process undertaken for deciding how to vote</p> <p>R&M’s Voting & Engagement Policy sets out its beliefs on what it regards as best practice for companies globally. For UK companies it incorporates the standards set by the UK Corporate Governance Code and intends to deal with issues that are either not covered, require greater emphasis or are specifically left open for shareholders to resolve with company boards. This also applies to companies listed outside the UK, as it believes this Code has taken a lead in encouraging companies to set higher standards of corporate governance in promoting transparency, integrity and to adopt a medium to long-term view in decision making for the benefit of all stakeholders. Implementation of its Policy is mainly by voting, with engagement as appropriate.</p> <p>Fundamental principles are set out in the R&M Policy and applied in the majority of cases. However, R&M discourages passive box ticking and aims to take an informed and pragmatic approach to voting. R&M will give due consideration to the specific circumstances and facts available to each investor before voting. For UK companies R&M supports a “comply or explain” approach to corporate governance and endorses the Code. It expects UK companies to explain and justify any reasons for non-compliance, and to outline its plans for compliance in future. In the case of non-compliance, R&M reserves the right to accept or reject the explanation. For non-UK companies, R&M is supportive of similar Codes.</p> <p>R&M believes the overriding objective of the company should be to optimise over time the returns to its shareholders. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, R&M expects that the company should endeavour to ensure the long-term viability of its business, and to manage effectively its relationships with stakeholders.</p>
<p>Is R&M currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>R&M is not impacted by any of conflicts of interests listed.</p>
<p>Please include here any additional comments which are relevant to R&M’s voting activities or processes</p> <p>No response provided.</p>

Most significant vote – Vote 1: GlaxoSmithkline

Resolution: Remuneration policy

Approximate size of the fund's holding as at the date of the vote: 4%

Guidance – Proxy: Not provided, **Management:** For,

Action: Abstain

The incumbent US-based Executive Director's pension arrangements subsist at a level significantly higher than that of the wider workforce, and there is no disclosed plan towards alignment over time. R&M believes that an abstention (rather than a vote against) recognises that there is a plan towards alignment for the UK-based Directors.

R&M believes this vote is significant due to the company's large holding in the portfolio.

Outcome:

Against the resolution and against management.

R&M explained it will continue to vote against UK listed companies where executive pension contributions are not aligned with employees

Most significant vote – Vote 2: On the Beach

Resolution: Remuneration

Approximate size of the fund's holding as at the date of the vote: 0.2%

Guidance – Proxy: Against, **Management:** For,

Action: For

ISS were recommending voting against because the non-financial component of the executive bonus paid out in full. This was because it met the target set on customer satisfaction. R&M voted for as it believes customer satisfaction is a KPI which should be included in executive remuneration targets for companies where customers/clients are an important stakeholder.

R&M considers this vote significant as across its asset management business it owned 2% of the company.

Outcome:

For the resolution.

R&M will monitor for consistency in how this KPI is applied throughout the current year.

Fulcrum Asset Management – Diversified Absolute Return Fund

<p>Voting Activities</p> <ul style="list-style-type: none"> • There were 2,167 eligible votes for the fund over the 12 months to 30 September 2020 • The manager exercised 100% of its votes over the year • 4% of votes were against management and 4% were abstained • 4% of votes were contrary to the proxy advisor’s recommendation
<p>What is Fulcrum’s policy on consulting with clients before voting?</p> <p>As it currently stands Fulcrum does not consult with clients before voting and to date has not had a request from a client to do this. Fulcrum expressed that it would be happy to engage with clients on this topic and particularly for segregated mandates it is also open to considering client input.</p>
<p>Please describe whether Fulcrum has made use of any proxy voter services</p> <p>Fulcrum use Glass Lewis as its proxy adviser. Fulcrum’s default is to use the proxy’s standard voting policy, however, there may be times where it overrides its advice, particularly related to climate change proposals.</p>
<p>Please provide an overview of Fulcrum’s process undertaken for deciding how to vote</p> <p>Fulcrum’s default is to vote as per advice from its proxy adviser, Glass Lewis. However, from August 2020 Fulcrum has incorporated the option to override its advice where they believe a vote that might impact climate change/global warming. Fulcrum will, in these instances, carry out its own research and if it considers it right to do so, vote against its advice if this is in favour of the topic of climate change mitigation. In particular, Fulcrum looks for votes related to encouraging science-based target setting with regard to decarbonisation goals as this is a core part of its engagement focus.</p>
<p>Is Fulcrum currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>Fulcrum is not currently affected by any conflicts across its holdings.</p>
<p>Please include here any additional comments which are relevant to Baillie Gifford’s voting activities or processes</p> <p>No response provided.</p>
<p>Most significant vote – Vote 1: Fortum Corporation</p> <p>Resolution: Proposal from WWF for Fortum to align its business with the Paris Agreement objectives and set science-based targets</p> <p>Approximate size of the fund’s holding as at the date of the vote: <0.1%</p> <p>Guidance – Proxy: Against, Management: Against,</p> <p>Action: Against</p> <p>Glass Lewis, Fulcrum’s proxy advisor, felt that the management of climate related risks would be best left to management and advised to vote against the proposal, which Fulcrum followed.</p> <p>Fulcrum considers this resolution to be significant because it was submitted by shareholders.</p> <p>Outcome:</p> <p>Against the resolution, in favour of management.</p>

Following amendments Fulcrum has made to its voting process, it now pays particular notice to climate-related votes. For a vote like this, which asks for science-based target setting, Fulcrum suggests it is likely that it would vote in favour of such proposals in the future.

Most significant vote – Vote 2: Nextera Energy

Resolution: Shareholder proposal regarding disclosure of political contributions and expenditures reports

Approximate size of the fund's holding as at the date of the vote: 1.0%

Guidance – Proxy: For, Management: Against,

Action: For

Glass Lewis, Fulcrum's proxy advisor, advised to vote against the proposal, which Fulcrum followed.

Fulcrum considers this resolution to be significant because it was submitted by shareholders.

Outcome:

Against the resolution.

Jupiter Asset Management – Jupiter Ecology Fund

<p>Voting Activities</p> <ul style="list-style-type: none">• There were 817 eligible votes for the fund over the 12 months to 30 September 2020• The manager exercised 100% of its votes over the year• <1% of votes were against management and <1% were abstained
<p>What is Jupiter’s policy on consulting with clients before voting?</p> <p>Jupiter is open to and welcomes dialogue with clients on stewardship matters, including voting decisions. Such dialogue is typically coordinated by Jupiter’s in-house Governance and Sustainability team, who work with its fund managers on proxy voting and company engagement and the development of its Stewardship Policy.</p> <p>Understanding client priorities, engaging in collective action with other investors, using third party data and remaining close to investor organisations and industry bodies informs its overall stewardship strategy, including voting. Ultimately, Jupiter expresses that it is transparent in communicating to the clients of its pooled funds that the fund managers at Jupiter take the lead and are accountable for stewardship activity, including voting decisions. This is in keeping with its active management philosophy and Jupiter does not think it is in keeping with its responsibilities to clients if these duties become detached from its fund managers.</p>
<p>Please describe whether Jupiter has made use of any proxy voter services</p> <p>In order to assist in the assessment of corporate governance and sustainability issues, Jupiter subscribes to external corporate governance and sustainability research and data providers. Such external resources contribute to forming a balanced view on voting matters. However, while Jupiter takes the proxy adviser’s recommendations into account, stewardship activities are not delegated or outsourced to third parties and recommendations are not automatically followed when deciding how to vote. Jupiter’s primary proxy research providers are Institutional Shareholder Services (ISS).</p>
<p>Please provide an overview of Jupiter’s process undertaken for deciding how to vote</p> <p>Jupiter’s individual fund managers with responsibility for an investment in a company retain ultimate discretion over voting decisions for the funds they manage on behalf of clients. This is consistent with Jupiter’s active management philosophy.</p> <p>Jupiter does not think it is appropriate or in keeping with its commitment to clients if these considerations become detached from its fund managers. Therefore, Jupiter does not outsource voting or engagement activity to third parties and does not automatically follow voting recommendations. The process is supported by Jupiter’s Governance and Sustainability (‘GS’) team, which is involved in reviewing agenda items, disseminating information and engaging with companies. Resolutions are assessed against Jupiter’s Stewardship Policy and any non-compliance with good market practice or major issues (including investment decisions) is discussed with fund managers prior to voting.</p>
<p>Is Jupiter currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>Jupiter expressed that it is not affected by any conflicts listed.</p>
<p>Please include here any additional comments which are relevant to Jupiter’s voting activities or processes</p> <p>No response provided.</p>

Most significant vote – Vote 1: Xylem Inc

Resolution: Reduce Ownership Threshold for Shareholders to Call Special Meeting.

Approximate size of the fund’s holding as at the date of the vote: 2.4%

Guidance – Proxy: Not provided, Management: Not provided,

Action: For

Jupiter voted in favour of the resolution and considers this vote to be significant following considerations that if the resolution were to pass it may enhance shareholder rights.

Outcome:

Against the resolution.

Although the resolution failed a significant proportion of shareholders (38%) indicated its support. Jupiter believes this may influence management’s attitude to the issue and increase the potential likelihood for success if the resolution is raised at a future AGM.

Most significant vote – Vote 2: Knorr-Bremse

Resolution: Election of three new directors to the Supervisory Board

Approximate size of the fund’s holding as at the date of the vote: 1.7%

Guidance – Proxy: Against, Management: Not provided,

Action: For

Jupiter voted in favour of the resolution despite adverse recommendations from its proxy adviser. Jupiter decided a vote against was not warranted following further analysis of the credentials and expertise of these nominees.

Jupiter has assessed this vote to be most significant due to the potential impact on stewardship.

Outcome:

For the resolution.

Jupiter believes that Board oversight will be strengthened by the addition of the directors.

HSBC Global Asset Management – Islamic Global Equity Index Fund

<p>Voting Activities</p> <ul style="list-style-type: none"> • There were 1,587 eligible votes for the fund over the 12 months to 30 September 2020 • The manager exercised 97% of its votes over the year • 13% of votes were against management and 0% were abstained • 10% of votes were contrary to the proxy advisor’s recommendation
<p>What is HSBC’s policy on consulting with clients before voting?</p> <p>The legal right to the underlying votes lies with the directors of the HSBC Islamic Global Equity Index Fund. It has delegated this execution of this voting to HSBC Global Asset Management (UK) Limited.</p>
<p>Please describe whether HSBC has made use of any proxy voter services</p> <p>HSBC uses a voting research and platform provider, Institutional Shareholder Services (ISS) to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC will review voting policy recommendations according to the scale of its overall holdings. The bulk of holdings are voted in line with the recommendation based on its guidelines.</p>
<p>Please provide an overview of HSBC’s process undertaken for deciding how to vote</p> <p>HSBC exercises its voting rights as an expression of stewardship for client assets. It has global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.</p>
<p>Is HSBC currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</p> <p>HSBC Funds and client mandates may hold shares in its parent, HSBC Holdings PLC. HSBC has a special procedure for voting on these shares to manage this conflict. HSBC also has procedures for managing other conflicts that may arise. However, HSBC does not believe that it has exposure to the conflicts listed.</p>
<p>Please include here any additional comments which are relevant to HSBC’s voting activities or processes</p> <p>No response provided.</p>
<p>Most significant vote – Vote 1: Microsoft Corporation</p> <p>Resolution: Gender Pay Gap</p> <p>Approximate size of the fund’s holding as at the date of the vote: 7.1%</p> <p>Guidance – Proxy: Not provided, Management: Against</p> <p>Action: For</p> <p>HSBC voted in favour the resolution because they favour transparency around gender pay and believe this can encourage appropriate management of the issue. HSBC communicated its vote to management after the AGM.</p> <p>HSBC considers this vote to be relevant on the basis it was cast against the management recommendation and covered a relevant issue affecting the company's governance and social reputation.</p> <p>Outcome:</p> <p>In favour of management, for the resolution.</p>

HSBC will continue to raise this issue in future engagement with and will vote similarly at future AGM when this issue arises again.

Most significant vote – Vote 2: Tokyo Electron Ltd

Resolution: Elect Director

Approximate size of the fund’s holding as at the date of the vote: 0.3%

Guidance – Proxy: Not provided, Management: For

Action: Against

HSBC voted against the resolution as it does not support non-independent directors including executives other than the CEO and President/founder for large Japanese companies where the board does not meet the HSBC independent board standard or where there are other concerns.

HSBC considers this vote to be relevant as they voted against the management recommendation on the re-election of 7 directors since the overall level of independence within the board was below 33%, which is the minimum threshold of board independence for developed markets. HSBC has started to vote against executive directors on this issue to indicate the extent of its concern.

Outcome:

In favour of management, for the resolution.

HSBC contacted the company ahead of the meeting to inform the management of its view on board composition. HSBC has been engaging with the company for a number of years and changed its voting policy to convey the importance they attach to board independence. HSBC will continue to engage with the company to ask for improvement of board independence.

Notes:

1. The following five conflicts were provided to investment managers and have been sourced from the Vote reporting template for pension scheme implementation statement issued by the Pensions and Lifetime Savings Association (“PLSA”):
 1. The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which it also has an equity or bond holding.
 2. Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings.
 3. The asset management firm’s stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding.
 4. There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer.
 5. There are differences between the stewardship policies of managers and their clients.