

# Following our investment principles

Annual Implementation Statement for the Plan year ending 30 September 2021

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 2021. Specifically this statement relates to the “DC Section” within the ITV DC Plan. The DC Section refers to the sections of the ITV DC Plan called DC Section, United Section and CFM Section.

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](http://www.itvdcplan.com)

# Section 2: Review of and changes to the SIP

The SIP was reviewed and updated once at the start of the Plan year, in October 2020. Aside from some minor textual amendments the changes made were:

- To reflect new requirements by including the Trustee’s policies in relation to their relationship with their investment managers.
- To clarify that a number of Hands Off and Hands On options are treated as default arrangements as a result of previous fund mapping exercises.
- To remove references to the Auto Enrolment Plan of the ITV DC Plan (with a separate SIP being created for the Auto Enrolment Plan).

No other policies (including the Trustee’s policy on strategic asset allocation) in the previous SIP were changed as a result of this review. For the purpose of assessing how the DC Section’s SIP has been followed, the remainder of this statement specifically focusses on the SIP published in October 2020.

## 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 to maximise the return commensurate with an acceptable level of risk, 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, following a review ending during the Plan year, and with the support of its investment consultant, the Trustee concluded that 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.

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

During the Plan year the Trustee also commenced a review of the DC Section's investment strategy. Actions carried out during the Plan year included:

- Analysis of the membership characteristics, expected risk tolerance and likely retirement behaviour
- Consideration of the Trustee's investment beliefs and objectives
- Carrying out a survey of DC Section members, to understand how they choose their investments and capture their views on issues concerning Environmental, Social and Governance (ESG) factors.

The overall objective of the work carried out to date is to consider whether the overall structure of investment options remains appropriate, and whether any additional options may be added. The review is currently ongoing.

## 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 include monitoring of capital risk of the active equity and mixed investment funds used in the DC Section.
- 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 DC Section, 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 updates the Trustee in between these meetings if a particular issue arises with Legal & General or one of the funds made available within the DC Section.

The overall suitability of the DC Section's investment managers is formally reviewed as part of the Trustee formal strategy reviews. The formal review, which started in 2020, is on-going whereas the previous review completed in 2019. The formal review takes account of (amongst other things) the performance of the funds against their objectives, the ratings given to the managers and funds by the investment adviser and the charges for each fund. Suitability of managers is also discussed and considered on a quarterly basis as part of the Trustee's regular monitoring, with the investment adviser providing its ratings and views on managers as required.

## Social responsibility and corporate governance

The Trustee believes 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 DC Section's managers. This exercise involved the investment adviser producing detailed reports on the sustainable investment characteristics of the managers included in the DC Section'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.

During the Plan year, a number of Trustee Board members met with Legal & General to explore the manager's approach to sustainable investment and stewardship in its management of the funds. The Trustee intends to continue to engage with Legal & General in these areas.

The Trustee intends to continue developing how it factors ESG and sustainable investment into its strategy during the current Plan year. More details about this exercise are included in the Annual Chair's Statement, which can be found here: [www.itvdcplan.com/documents/chairs-statement.pdf](http://www.itvdcplan.com/documents/chairs-statement.pdf)

## Arrangements with investment managers

The assets of the DC Section are invested in pooled funds, and as such the Trustee does not have direct control or influence on the underlying managers. However, through the regular performance and sustainable investment reporting provided by the investment adviser the Trustee has gained a good understanding of the managers' investment policies and processes. The Trustee has also ensured that all managers have received a copy of the latest SIP so that they are aware of the Trustee's expectations regarding how the DC Section's assets are managed.

The Trustee reviews the costs incurred in managing the DC Section's assets annually, as part of its governance and in reporting of the costs and charges in the Annual Governance Statement. The Trustee has reviewed the level of turnover within each underlying fund and is comfortable that these are within expected ranges for each type of fund.

## Realisation of investments

In line with its policy, the Trustee has offered members fund options that can be readily realised to allow members to access funds quickly and easily. That said, the DC Section 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 last 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 previous Property and Infrastructure fund that remained with Scottish Widows remained suspended, and in September 2021 the underlying manager (M&G Investments) announced its intention to close the fund. The process to close the fund is ongoing and is expected to take 12 months or more.

## Section 4: Voting and Engagement

The DC Section’s equity holdings are held within pooled investment vehicles, such that the equity holdings are legally owned by the underlying investment managers. This means, in effect, the Trustee delegates voting rights and the execution of those rights to the underlying managers for the securities they hold. The following funds of the DC Section include equity holdings: mixed selection, mixed selection (absolute returns), property and infrastructure, emerging markets (index tracker), global shares, global shares (index tracker), social conscience, UK shares, UK shares (index tracker), and shariah law (index tracker). The DC Section’s investment advisers engage managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements.

The Trustee has delegated the determination of what constitutes a “most significant” vote to the underlying investment managers. Based on the information provided by the investment managers (see the next paragraph for more details), the Trustee is satisfied with their determinations of what is “most significant”.

Further information on the voting and engagement activities of the managers is provided in the summary table below. A supplementary document containing information on the managers’ key voting activities will be published on the Plan’s website: [www.itvdcplan.com/library-items](http://www.itvdcplan.com/library-items)

Fund	Underlying fund(s)	Votes cast	Use of proxy voter	Significant votes
Global Shares (index tracker)	LGIM MSCI World Adaptive Capped	20,199 (<100% of eligible votes) 20% of votes against management / <1% abstained	See “LGIM Index Funds” below	See “LGIM Index Funds” below
Global Shares	Baillie Gifford Long Term Global Growth	383 (100% of eligible votes) 13% of votes against management / <1% abstained	Uses proxy voting recommendations to augment its own research but ultimately all voting decisions are made by Baillie Gifford	Amazon Netflix
	River & Mercantile Global High Alpha	3,361 (98% of eligible votes) 24% 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 issues	Alphabet Facebook
	Veritas Global Focus	465 (100% of eligible votes)	Uses proxy to implement the manager’s voting policy	Becton Dickinson

		9% of votes against management / 1% abstained		UnitedHealth Group Incorporated
UK Shares (index tracker)	LGIM UK Equity	8,169 (100% of eligible votes) 8% of votes against management / 0% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
UK shares	Lindsell Train UK Equity	423 (100% 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	Unilever Mondelez
	River & Mercantile UK High Alpha	4,433 (99% of eligible votes) 6% 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	Royal Dutch Shell Rio Tinto
Emerging Markets (index tracker)	LGIM World Emerging Markets Equity	29,901 (<100% of eligible votes) 14% of votes management / 2% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
Mixed Investments	LGIM Diversified	76,830 (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	8,068 (97% of eligible votes) 6% of votes against management / 2% 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	Amazon Canadian Pacific Railway Limited
Social Conscience	Jupiter Ecology	844 (100% of eligible votes) 2% of votes against management / <1% abstained	Uses proxy voting recommendations to augment its own research but ultimately all voting decisions are made by Jupiter	First Solar Inc. Tomra Systems ASA

Shariah Law (index tracker)	HSBC Global Islamic Index	1,548 (93% of eligible votes) 10% of votes against management / 0% abstained	Uses proxy to implement the manager's voting policy	Exxon Mobil Corporation Chevron Corporation
Property & Infrastructure (Scottish Widows)	LGIM Global Real Estate Equity	3,667 (100% of eligible votes) 19% of votes against management / <1% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
	LGIM Infrastructure Equity MFG	981 (100% of eligible votes) 18% of votes against management / <1% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
Property & Infrastructure	LGIM Hybrid Property	3,667 (100% of eligible votes) 19% of votes against management / <1% abstained	See "LGIM Index Funds" below	See "LGIM Index Funds" below
	LGIM Infrastructure Equity MFG	981 (100% of eligible votes) 18% of votes against management / <1% 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	Wells Fargo & Company Mitsubishi UFJ Financial Group, Inc.

# 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 2021. It provides additional detail on the key voting and engagement activities for the managers during the year.

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

**Voting Activities:**

**MSCI World Adaptive Capped Fund:**

- There were 20,219 eligible votes for the fund over the 12 months to 30 September 2021
- The manager exercised <100% of its votes over the year
- 20% 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 8,169 eligible votes for the fund over the 12 months to 30 September 2021
- The manager exercised 100% of its votes over the year
- 8% of votes were against management and 0% were abstained
- 6% of votes were contrary to the proxy advisor’s recommendation

**World Emerging Market Equity Index:**

- There were 29,967 eligible votes for the fund over the 12 months to 30 September 2021
- The manager exercised <100% of its votes over the year
- 14% of votes were against management and 2% were abstained
- 6% of votes were contrary to the proxy advisor’s recommendation

**Diversified Fund:**

- There were 77,945 eligible votes for the fund over the 12 months to 30 September 2021
- 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 3,667 eligible votes for the fund over the 12 months to 30 September 2021
- The manager exercised 100% 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

**Infrastructure Equity MFG Fund:**

- There were 981 eligible votes for the fund over the 12 months to 30 September 2021
- The manager exercised 100% of its votes over the year
- 17% of votes were against management and 0% were abstained
- 13% 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: Wells Fargo & Company**

**Resolution:** Report on Racial Equity Audit

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

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

**Action:** For

A shareholder proposal asking that Wells Fargo conduct a third-party audit of potential risks related to diversity, equity and inclusion to provide independent assessment of any impacts the company may have on communities of colour and that they publicly disclose the results.

LGIM believe this is a significant vote as LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on clients' behalf.

**Outcome:**

Against the resolution, the proposal received 12.9% support.

LGIM publicly communicated its vote instructions on its website including the rationale. LGIM voted in favour of the proposal as they support proposals related to diversity and inclusion policies. LGIM will continue to engage with Wells Fargo, publicly advocate their position and monitor both company and market-level progress.

**Most significant vote – Vote 2: Mitsubishi UFJ Financial Group**

**Resolution:** Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement

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

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

**Action:** For

This shareholder proposal requested MUFG "to adopt and disclose a plan to align its financing and investments with the goals of the Paris Agreement." According to the proponents, "the aim of the proposal is to ensure that investors are able to properly evaluate the climate risk of MUFG's financing and investments and make investment decisions accordingly, and to maintain and improve MUFG's corporate value by reducing the bank's exposure to climate risk." The proposal asks that the company amend its Articles to include the following clause: "The company shall adopt and disclose in its annual reporting a plan outlining its business strategy, including metrics and short-, medium-, and long-term targets, to align its financing and investments with the goals of the Paris Agreement."

LGIM views climate change as a financially material issue for our clients, with implications for the assets they manage on their behalf. This was also a high profile proposal in Japan, where climate-related shareholder proposals are still rare.

**Outcome:**

Against the resolution, with 23% support from shareholders.

LGIM will continue to engage on this issue.

## Baillie Gifford – Long Term Global Growth Fund

<p><b>Voting Activities</b></p> <ul style="list-style-type: none"><li>• There were 383 eligible votes for the fund over the 12 months to 30 September 2021</li><li>• The manager exercised 100% of its votes over the year</li><li>• 2% of votes were against management and &lt;1% were abstained</li></ul>
<p><b>What is Baillie Gifford’s policy on consulting with clients before voting?</b></p> <p>All voting decisions are made by Baillie Gifford’s Governance &amp; 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><b>Please describe whether Baillie Gifford has made use of any proxy voter services</b></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><b>Please provide an overview of Baillie Gifford’s process undertaken for deciding how to vote</b></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 &amp; Sustainability Principles and Guidelines and endeavour to vote every one of its clients’ holdings in all markets.</p>
<p><b>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?</b></p> <p>James Anderson, Baillie Gifford partner, serves as the Non-Executive Chair of Kinnevik AB, as well as being a member of the Nomination Committee. James has recused himself from any investment discussions and decisions about Kinnevik and its underlying investments.</p> <p>At Schibsted ASA, Investment AB Kinnevik and Adevinta ASA, Spencer Adair, Lawrence Burns and Chris Davies respectively, Baillie Gifford partners and/or fund managers were elected onto the nomination</p>

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.

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.

Baillie Gifford did not comment on any other conflicts.

**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 - Social

**Approximate size of the fund's holding as at the date of the vote:** 5.3%

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

**Action: For**

Baillie Gifford voted in favour, to support a shareholder proposal requesting disclosure of the median gender and racial pay gap as they believe the additional information will be helpful to monitoring the company's progress in this area.

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.

This proposal requested data to help understand the company's efforts to promote equality and inclusion in the business. Baillie Gifford have supported similar shareholder proposals at previous Amazon AGMs and have discussed the subject with the company since then.

**Most significant vote – Vote 2: Netflix**

**Resolution:** Shareholder Resolution - Governance

**Approximate size of the fund's holding as at the date of the vote:** 3.8%

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

**Action: For**

Baillie Gifford supported a shareholder resolution for a report on political contributions as they believe enhanced disclosure on the company's policies and procedures is in shareholders' best interests.

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

**Outcome:**

For the resolution.

Baillie Gifford highlighted that they are looking forward to the proposed report.

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

<p><b>Voting Activities</b></p> <ul style="list-style-type: none"><li>• There were 3,445 eligible votes for the fund over the 12 months to 30 September 2021</li><li>• The manager exercised 98% of its votes over the year</li><li>• 23% of votes were against management and 1% were abstained</li><li>• 16% of votes were contrary to the proxy advisor’s recommendation</li></ul>
<p><b>What is R&amp;M’s policy on consulting with clients before voting?</b></p> <p>Clients may request for R&amp;M to vote in a specific manner in an upcoming meeting. The R&amp;M Operations team has set up a process to monitor and process these requests.</p>
<p><b>Please describe whether R&amp;M has made use of any proxy voter services</b></p> <p>R&amp;M use a third party, ISS Corporate Solutions, to implement its voting policy, overriding the recommended action when it differs from R&amp;M’s General Principles on standards for good corporate governance and management of environmental and social issues.</p>
<p><b>Please provide an overview of R&amp;M’s process undertaken for deciding how to vote</b></p> <p>R&amp;M’s Voting &amp; 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&amp;M Policy and applied in the majority of cases. However, R&amp;M discourages passive box ticking and aims to take an informed and pragmatic approach to voting. R&amp;M will give due consideration to the specific circumstances and facts available to each investor before voting. For UK companies R&amp;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&amp;M reserves the right to accept or reject the explanation. For non-UK companies, R&amp;M is supportive of similar Codes.</p> <p>R&amp;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&amp;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><b>Is R&amp;M currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</b></p> <p>R&amp;M is not impacted by any of conflicts of interests listed.</p>
<p><b>Please include here any additional comments which are relevant to R&amp;M’s voting activities or processes</b></p> <p>No response provided.</p>

**Most significant vote – Vote 1: Facebook**

**Resolution:** Elect Director Mark Zuckerberg

**Approximate size of the fund's holding as at the date of the vote:** 1.4%

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

**Action:** Abstain

The nominee serves as both Chairman and CEO. The nominee is not independent and is being appointed Chairman. This nominee is Chair of the Board and the company does not have a one share one vote structure. WITHHOLD votes for CEO/Chair Mark Zuckerberg are warranted given that the CEO and chair of the board ultimately shoulders the most responsibility amongst all board members for failing to effectively supervise the management of risks to the company and its shareholders, and should therefore be held the most accountable for poor board oversight of ESG risk exposures at the firm.

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

**Outcome:**

The outcome is not known.

Following the tragic shootings in Christchurch New Zealand in March 2019, River & Mercantile are supporting a collaborative engagement initiative with social media companies led by the New Zealand Super Fund. This has involved their name being added to the names of institutions on whose behalf letters have been sent to Facebook, Alphabet (Google) 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. In their view, having an independent Board Chair may improve the ability of the board to address the concerns of a broader group of shareholders regarding board level oversight regarding human rights issues impacting Facebook's community of global users.

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

**Most significant vote – Vote 2: Alphabet**

**Resolution:** Assess Feasibility of Including Sustainability as a Performance Measure for Senior Executive Compensation

**Approximate size of the fund's holding as at the date of the vote:** 2.0%

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

**Action: For**

Following the tragic shootings in Christchurch New Zealand in March 2019, River & Mercantile are supporting a collaborative engagement initiative with social media companies led by the New Zealand Super Fund. This has involved their name being added to the names of institutions on whose behalf letters have been sent to Facebook, Alphabet (Google) 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. They voted FOR this proposal because Alphabet's compensation program mostly lacks performance-based pay elements, and the adoption of this proposal may promote a pay program for executives that is more strongly performance-based. R&M also believe ESG KPIs should be included in executive remuneration

R&M considers this vote significant as it is a large holding in the portfolio and involves a collaborative engagement initiative.

**Outcome:** Against

R&M believe ESG KPIs should be included in executive remuneration and support similar shareholder proposals at AGMs.

**Veritas Asset Management – Veritas Global Focus Fund**

<p><b>Voting Activities</b></p> <ul style="list-style-type: none"> <li>• There were 465 eligible votes for the fund over the 12 months to 30 September 2021</li> <li>• The manager exercised 100% of its votes over the year</li> <li>• 9% of votes were against management and 1% were abstained</li> <li>• 10% of votes were contrary to the proxy advisor’s recommendation</li> </ul>
<p><b>What is Veritas’s policy on consulting with clients before voting?</b></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><b>Please describe whether Vertias has made use of any proxy voter services</b></p> <p>VAM LLP use Institutional Shareholder Services ("ISS"), for vote execution and policy application.</p>
<p><b>Please provide an overview of Veritas’s process undertaken for deciding how to vote</b></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><b>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?</b></p> <p>Veritas is not impacted by any of conflicts of interests listed.</p>
<p><b>Please include here any additional comments which are relevant to Veritas’ voting activities or processes</b></p> <p>No response provided.</p>

**Most significant vote – Vote 1: Becton Dickinson****Resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation**Approximate size of the fund's holding as at the date of the vote:** 2.9%**Guidance – Proxy: Not provided, Management: Not provided,****Action: For**

Veritas engaged with Becton Dickinson to discuss the one-time adjustment to management compensation made by the board of directors due to the impact of the COVID-19 pandemic on business results. The discussion covered the rationale for the award, how this would not make management's compensation plans whole, the board very specifically did not want to reward management for product issues, and that the award was solely to compensate management to some extent for the impact of COVID-19. Veritas discussed the need to strike a balance between incentivising employees, making sure they are aligned with shareholders and that compensation should not be asymmetric in favour of management.

On balance Veritas decided that they would support the board's proposal but noted some reservations particularly related to the portion of the award to compensate for the impact on the FY 2019 compensation plan which is still in flight. Veritas stated these reservations will be shared with the board. In the relatively unlikely circumstance that the 2019 plan pays out close to original expectations when it vests in late 2021 and employees end up with a double award due to the adjustment made, Veritas asked that the board be willing to reconsider this award. Lastly, they noted that they respected the decision by CEO Tom Polen to forgo his onetime award and that this demonstrated good leadership.

Veritas consider this a significant vote as it relates to corporate governance.

**Outcome:**

Proposal approved with 67% majority.

**Most significant vote – Vote 2: UnitedHealth Group Incorporated****Resolution:** Elect Director Gail R. Wilensky**Approximate size of the fund's holding as at the date of the vote:** 3.8%**Guidance – Proxy: Not provided, Management: For,****Action: Against**

Veritas voted against the election of the director Gail Wilensky driven by the guidance provided by Red Line E4 of their ESG Voting Policy; the company has failed to commit to introducing and disclosing science-based emission reduction targets with a coherent strategy and action plan in line with a 2 degree scenario. Veritas engaged with the company's IR team who confirmed the business cannot commit to developing science-based emissions targets in the next two years. It is noted the company has identified emissions reduction targets that are market based (3% reduction across scope 1&2 by 2023). However, they believe the company should be encouraged to implement a science based framework, and as a result Veritas cast their vote against this item.

Veritas consider this a significant vote as it relates to environmental factors which may have a material impact on long-term sustainable value creation or influence business practices.

**Outcome:**

Proposal approved with a 87% majority.

## Lindsell Train – Lindsell Train UK Equity Fund

<p><b>Voting Activities</b></p> <ul style="list-style-type: none"><li>• There were 423 eligible votes for the fund over the 12 months to 30 September 2021</li><li>• The manager exercised 100% of its votes over the year</li><li>• 0% of votes were against management and &lt;1% were abstained</li></ul>
<p><b>What is Lindsell Train’s policy on consulting with clients before voting?</b></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><b>Please describe whether Lindsell Train has made use of any proxy voter services</b></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><b>Please provide an overview of Lindsell Train’s process undertaken for deciding how to vote</b></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>
<p><b>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?</b></p> <p>Lindsell Train noted the following:</p> <p><b>Hargreaves Lansdown (HL)</b></p> <p>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</p>

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: Unilever****Resolution:** Cross border merger**Approximate size of the fund's holding as at the date of the vote:** 9.7%

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 is a long-term holder of consumer goods company, Unilever, having initiated a position in the company in 2001. In 2018 they engaged extensively with management and other institutions regarding a proposed modification to Unilever's corporate structure. The proposed plans were abandoned at the time. During Q2 2020 Unilever announced London as its new headquarters. Lindsell Train support the concept of a single parent company that makes share-based acquisitions and demergers easier to undertake and also allows greater flexibility at a time when they are looking to management to use their balance sheet to capitalise on post-pandemic opportunities.

Lindsell Train believes this is a significant vote as they engaged directly with management on the matter. The vote signals the end to an engagement that has dated back to 2018 and Lindsell Train believes has demonstrated the power of shareholders to protect their rights.

**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:** 7.0%**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.

Prior to 2020 Lindsell Train had voted against Mondelez compensation resolutions, however over the past two years Mondelez management have made a significant effort to explain to their investment team the rationale for their policies during various engagements with them. Lindsell Train believes their vote indicates their intent to support Mondelez management in the event that they do amend their policy to align more closely with their views on compensation, and also rewards management's active engagement with Lindsell Train.

**Outcome:**

In favour of management, for the resolution.

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

<p><b>Voting Activities</b></p> <ul style="list-style-type: none"><li>• There were 4,500 eligible votes for the fund over the 12 months to 30 September 2021</li><li>• The manager exercised 99% of its votes over the year</li><li>• 6% of votes were against management and &lt;1% were abstained</li><li>• 6% of votes were contrary to the proxy advisor’s recommendation</li></ul>
<p><b>What is R&amp;M’s policy on consulting with clients before voting?</b></p> <p>Clients may request for R&amp;M to vote in a specific manner in an upcoming meeting. The R&amp;M Operations team has set up a process to monitor and process these requests.</p>
<p><b>Please describe whether R&amp;M has made use of any proxy voter services</b></p> <p>R&amp;M uses a third party, ISS Corporate Solutions, to implement its voting policy, overriding the recommended action when it differs from R&amp;M’s General Principles on standards for good corporate governance and management of environmental and social issues.</p>
<p><b>Please provide an overview of R&amp;M’s process undertaken for deciding how to vote</b></p> <p>R&amp;M’s Voting &amp; 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&amp;M Policy and applied in the majority of cases. However, R&amp;M discourages passive box ticking and aims to take an informed and pragmatic approach to voting. R&amp;M will give due consideration to the specific circumstances and facts available to each investor before voting. For UK companies R&amp;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&amp;M reserves the right to accept or reject the explanation. For non-UK companies, R&amp;M is supportive of similar Codes.</p> <p>R&amp;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&amp;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><b>Is R&amp;M currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?</b></p> <p>R&amp;M is not impacted by any of conflicts of interests listed.</p>
<p><b>Please include here any additional comments which are relevant to R&amp;M’s voting activities or processes</b></p> <p>No response provided.</p>

**Most significant vote – Vote 1: Royal Dutch Shell**

**Resolution:** Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions

**Approximate size of the fund's holding as at the date of the vote: 3%**

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

**Action: For**

R&M would like to see all companies, irrespective of sector, setting Net Zero GHG Emissions targets and a strategy to achieve. R&M therefore support shareholder resolutions that are putting pressure on companies to achieve this. as a whole they are supportive of shareholder resolutions addressing climate change and environmental issues.

R&M supports shareholder resolutions linked to climate change and Net Zero Emissions by 2050 and believes this vote is significant due to the company's large holding in the portfolio.

**Outcome:**

Against the resolution and in favour of management. This resolution had 30% for, which was a significant increase on 14% in 2020.

**Most significant vote – Vote 2: Rio Tinto**

**Resolution:** Re-elect Megan Clark as Director

**Approximate size of the fund's holding as at the date of the vote: 2**

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

**Action: Against**

R&M believe as Chair of the Sustainability Committee, Megan Clark is accountable for the failures in governance and risk management that contributed to the Juukan Gorge incident, including the lack of effective controls to properly manage the social and environmental risks and the relationships with indigenous communities.

R&M considers this vote significant as it is a large holding in the portfolio.

**Outcome:**

For the resolution.

R&M expect this vote to send a strong message to other mining and exploration companies to ensure an event such as Juukan Gorge does not happen again

## Fulcrum Asset Management – Diversified Absolute Return Fund

<p><b>Voting Activities</b></p> <ul style="list-style-type: none"> <li>• There were 8,318 eligible votes for the fund over the 12 months to 30 September 2021</li> <li>• The manager exercised 97% of its votes over the year</li> <li>• 6% of votes were against management and 2% were abstained</li> <li>• 2% of votes were contrary to the proxy advisor’s recommendation</li> </ul>
<p><b>What is Fulcrum’s policy on consulting with clients before voting?</b></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><b>Please describe whether Fulcrum has made use of any proxy voter services</b></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. Advice from Glass Lewis feeds automatically into the Broadridge platform where Fulcrum execute their votes.</p>
<p><b>Please provide an overview of Fulcrum’s process undertaken for deciding how to vote</b></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><b>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?</b></p> <p>Fulcrum is not currently affected by any conflicts across its holdings.</p>
<p><b>Please include here any additional comments which are relevant to Fulcrum’s voting activities or processes</b></p> <p>No response provided.</p>
<p><b>Most significant vote – Vote 1: Amazon</b></p> <p><b>Resolution:</b> Shareholder Proposal that the board report on the amount of Plastics released due to Plastic Packaging.</p> <p><b>Approximate size of the fund’s holding as at the date of the vote:</b> &lt;1%</p> <p><b>Guidance – Proxy: Against, Management: Against,</b></p> <p><b>Action: For</b></p> <p>Glass Lewis, Fulcrum’s proxy adviser, understood the larger environmental risks stemming from plastic pollution, in this case they believed the company had taken significant actions and provided disclosures regarding minimising its carbon footprint. As such, the proxy adviser were not convinced that shareholders would necessarily benefit from the Company's adoption of this proposal. Given the type of proposal, and following discussions, Fulcrum decided to vote against their advice and as a result voted for the proposal.</p>

Fulcrum considers this resolution to be significant because it was an ESG vote submitted by shareholders and demonstrates an instance where they voted against the proxy advisor's recommendation.

**Outcome:**

Against the resolution, in favour of management.

**Most significant vote – Vote 2: Canadian Pacific Railway Limited**

**Resolution:** Shareholder Proposal that the Company present a climate action plan and annually seek advisory shareholder approval of the plan

**Approximate size of the fund's holding as at the date of the vote:** <1%

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

**Action: For**

This proposal had two separate requests: Glass Lewis were supportive of the first (the Company producing TCFD-aligned reporting) though they had significant concerns regarding the second clause (which would set up an annual advisory vote on the Company's GHG reduction plan). As a result they proposed Fulcrum vote against the management's favourable recommendation of the resolution. However, following discussions, Fulcrum went against their advice and voted for the proposal as this is a climate-related proposal of which we are supporters.

Fulcrum considers this resolution to be significant because it was an ESG vote submitted by shareholders and demonstrates an instance where they voted against the proxy advisor's recommendation.

**Outcome:**

For the resolution.

## Jupiter Asset Management – Jupiter Ecology Fund

<p><b>Voting Activities</b></p> <ul style="list-style-type: none"> <li>• There were 844 eligible votes for the fund over the 12 months to 30 September 2021</li> <li>• The manager exercised 100% of its votes over the year</li> <li>• 2% of votes were against management and &lt;1% were abstained</li> </ul>
<p><b>What is Jupiter’s policy on consulting with clients before voting?</b></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><b>Please describe whether Jupiter has made use of any proxy voter services</b></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><b>Please provide an overview of Jupiter’s process undertaken for deciding how to vote</b></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><b>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?</b></p> <p>Jupiter expressed that it is not affected by any conflicts listed.</p>
<p><b>Please include here any additional comments which are relevant to Jupiter’s voting activities or processes</b></p> <p>No response provided.</p>

**Most significant vote – Vote 1: First Solar**

**Resolution:** Report on Board Diversity

**Approximate size of the fund's holding as at the date of the vote:** 1.9%

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

**Action: For**

Jupiter voted in favour of this shareholder proposal following considerations it may enhance company efforts to promote diversity in terms of gender and ethnicity, at board-level and the workforce, which may enable company leadership to better reflect the workforce and the company overall to better reflect its community and customers.

Jupiter view this vote as significant as it has a potential impact on financial outcome.

**Outcome:**

For the resolution.

**Most significant vote – Vote 2: Tomra Systems ASA**

**Resolution:** Remuneration Policy / Elect Directors

**Approximate size of the fund's holding as at the date of the vote:** 2.3%

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

**Action: For**

Jupiter voted against due to concerns regarding the alignment of pay and performance.

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

**Outcome:**

For the resolution.

Jupiter expressed concerns around the performance-alignment of the remuneration policy in a post-results call with company IR, communicated after the vote and before the meeting date on 4th May. The company confirmed they will pass on Jupiter's comments to the Board and revert back to shareholders in due course. Regarding the Board, via Jupiter's analysis and in engagement with the company they are monitoring the ongoing CEO succession process, at this time Jupiter believe the company would benefit most from stability and thus have decided to vote in favour of board elections.

## HSBC Global Asset Management – Islamic Global Equity Index Fund

<p><b>Voting Activities</b></p> <ul style="list-style-type: none"> <li>• There were 1,661 eligible votes for the fund over the 12 months to 30 September 2021</li> <li>• The manager exercised 93% of its votes over the year</li> <li>• 10% of votes were against management and 0% were abstained</li> <li>• 7% of votes were contrary to the proxy advisor’s recommendation</li> </ul>
<p><b>What is HSBC’s policy on consulting with clients before voting?</b></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><b>Please describe whether HSBC has made use of any proxy voter services</b></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><b>Please provide an overview of HSBC’s process undertaken for deciding how to vote</b></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><b>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?</b></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><b>Please include here any additional comments which are relevant to HSBC’s voting activities or processes</b></p> <p>No response provided.</p>
<p><b>Most significant vote – Vote 1: Exxon Mobil Corporation</b></p> <p><b>Resolution:</b> Proxy contest - Management Proxy Vs Shareholder Proxy</p> <p><b>Approximate size of the fund’s holding as at the date of the vote:</b> 1.4%</p> <p><b>Guidance – Proxy: Not provided, Management: Against</b></p> <p><b>Action: For the shareholder proxy card</b></p> <p>HSBC voted against the management and selected a range of issues that are representative of our voting guidelines. This was largely due to their concern by the lack of substantial improvement in Exxon's commitment and strategy with regards to climate change.</p> <p>HSBC engaged previously with Exxon in 2020 as a member of the Climate Action 100+ investor group. Before the meeting, they had a call with Exxon's representatives to express their concerns and communicate their inclination to support the shareholders' proxy card. After the meeting HSBC confirmed their vote to the Exxon's representatives they met.</p>

HSBC considers this vote to be relevant on the basis it was cast against the management recommendation.

**Outcome:**

Shareholders have not supported the management proxy.

**Most significant vote – Vote 2: Chevron Corporation**

**Resolution:** Reduce Scope 3 Emissions

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

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

**Action: For**

HSBC voted for the resolution as they support the principle of adopting quantitative GHG emission reduction targets. The company had fallen short of investors' expectations and was lagging its peers in commitments to action on climate transition.

HSBC considers this vote to be relevant as they voted against the management recommendation.

**Outcome:**

Against management, for the resolution.

HSBC will contact the company to explain their rationale. HSBC explain they will request the opportunity to discuss this further and will explain that if the issue covered by this resolution is not resolved they will vote similarly at future AGM when this issue arises again.

**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.