

# RoSPA Retirement & Death Benefits Plan Implementation Statement – 2022

## 1. Purpose

This Implementation Statement reports on how, and the extent to which, the policies as set out in the Plan's Statement of Investment Principles ("SIP") dated September 2020 have been complied with during the year ended 5 April 2022. These include the exercise of rights (including voting) and undertaking of engagement activities in respect of the Plan's investments. In addition, this statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## 2. Background

Under the regulation now in force, trustees of Occupational Pension Plans are required to state their policy on the exercise of the rights attaching to the investments, and on undertaking engagement activities in respect of the investments. Trustees are also required to report on how and the extent to which they have followed this policy and on significant votes.

This statement has been produced in accordance with the Occupational and Personal Pension Plans (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Plans (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Plans (Investment and Disclosure) (Amendment) Regulations 2019 as amended and the guidance published by the Pensions Regulator.

This Statement has been prepared by the Trustee, with the assistance of their Investment Consultant (Quantum Advisory).

## 3. Executive summary

Over the Plan year, the Trustee:

- Appointed a new Investment Consultant, Quantum Advisory.
- Reviewed the voting and engagement activity of the Schroders Life Intermediated Diversified Growth Fund, as this Fund invests in equities. The Trustee is generally content that the Plan's investment manager has appropriately carried out their stewardship duties.
- Is of the opinion that they have complied with the relevant policies and procedures as identified in the SIP.

The stewardship activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustee believes there is less scope to influence the practices within such arrangements.

## 4. Voting and stewardship policies and activity

### **Trustee's voting and stewardship policies**

The Trustee considers how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustee is not able to direct how votes are exercised and has not used a proxy voting services provider over the year. The Trustee has given the investment manager full discretion concerning voting and engagement decisions.

As part of this exercise, the Trustee has reviewed the voting activities and stewardship policies of the Schroders Life Intermediated Diversified Growth Fund. This is to ensure that investment manager engages in voting behaviour that is consistent with the Plan’s stewardship priorities as set out in the SIP. These priorities include, but are not limited to, financially material considerations arising from Environmental, Social and Governance (ESG) factors.

### Manager’s voting and stewardship policies and procedures

Details of Schroders’ voting and stewardship policies can be found in Appendix 1. In this review, the extent to which Schroders make use of any proxy advisory and voting services was reviewed.

### Voting statistics

The following table sets out the key statistics on voting eligibility and action over the year.

Statistic	Schroders Life Intermediated Diversified Growth Fund
Number of equity holdings	1,169
Meetings eligible to vote at	123
Resolutions eligible to vote on	1,680
Proportion of eligible resolutions voted on (%)	95.8
Votes with management (%)	89.7
Votes against management (%)	6.1
Votes abstained from (%)	<0.1
Meetings where at least one vote was against management (%)	N/A
Votes contrary to the recommendation of the proxy adviser (%)	<0.1

Source: Schroders

Totals may not sum due to rounding.

The Trustee is satisfied with the level of voting activity that has been undertaken.

### Most significant votes cast

The Trustee reviewed the significant votes cast by the investment manager.

A cross section of the most significant votes cast (as defined by the fund manager) is contained in Appendix 2.

## 5. Manager's conflicts of interest

This section assesses whether Schroders are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding 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 having 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. 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; and
5. Differences between the stewardship policies of managers and their clients.

### Schroders

Schroders accepts that conflicts of interest arise in the normal course of business. They have a documented Group wide policy covering such occasions, to which all employees are expected to adhere, and on which they receive training. This is reviewed annually. There are also supplementary local policies that apply the Group policy in a local context.

Schroders' Corporate Governance specialists are responsible for monitoring and identifying situations that could give rise to a conflict of interest when voting in company meetings.

Where Schroders itself has a conflict of interest with the fund, the client, or the company being voted on, they will follow the voting recommendations of a third party (which will be the supplier of their proxy voting processing and research service). Examples of conflicts of interest include (but are not limited to):

- Where the company being voted on is a client of Schroders;
- Where the Schroders employee making the voting decision is a director of, significant shareholder of, or has a position of influence at the company being voted on;
- Where Schroders, or an affiliate, is a shareholder of the company being voted on;
- Where there is a conflict of interest between one client and another;
- Where the director of a company being voted on is also a director of Schroders plc;
- Where Schroders plc is the company being voted on.

Separation of processes and management between Schroder Investment Management and their Wealth Management division helps to ensure that individuals who are clients, or have a business relationship with the latter, are not able to influence corporate governance decisions made by the former.

If Schroders believes it should override the recommendations of the third party in the interests of the fund/client and vote in a way that may also benefit, or be perceived to benefit, its own interests, then Schroders will obtain the approval of the decision from the Schroders' Global Head of Equities with the rationale of such vote being recorded in writing. If the third-party recommendation is unavailable,

Schroders will vote as it sees is in the interests of the fund. If, however this vote is in a way that might benefit, or be perceived to benefit, Schroders' interests, Schroders will obtain approval and record the rationale in the same way as described above.

In the situation where a fund holds investments on more than one side of the transaction being voted on, Schroders will always act in the interests of the specific fund. There may also be instances where different funds, managed by the same or different fund managers, hold securities on either side of a transaction. In these cases, the fund managers will vote in the best interest of their specific funds.

Where Schroders has a conflict of interest that is identified, it is recorded in writing, whether or not it results in an override by the Global Head of Equities.

## Appendix 1 – Investment manager voting policies and procedures

### Schroders

As active owners, Schroders recognise their responsibility to make considered use of voting rights. Schroders therefore vote on all resolutions at all AGMs/EGMs globally unless restricted from doing so (e.g. as a result of share blocking).

Schroders aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with their published ESG policy.

Schroders' overriding principle governing voting is to act in the best interests of clients. Where proposals are not consistent with the interests of shareholders and clients, Schroders can vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Schroders evaluate voting resolutions arising at investee companies and, where they have the authority to do so, vote on them in line with fiduciary responsibilities in what Schroders deem to be the interests of clients. The Schroders' Corporate Governance specialists assess each proposal, applying the voting policy and guidelines (as outlined in the ESG Policy) to each agenda item. In applying the policy, a range of factors are considered, including the circumstances of each company, long-term performance, governance, strategy, and the local corporate governance code. Specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and Institutional Shareholder Services ("ISS"), and public reporting. Schroders' own research is also integral to their process; this is conducted by both the financial and Sustainable Investment analysts. For contentious issues, Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls, and discussions with company advisors and stakeholders.

ISS acts as the service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through their Internet-based platform Proxy Exchange. Schroders' receives ISS's research on resolutions. This is complemented with analysis by in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For the smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy, with only a few resolutions referred to Schroders for a final decision.

ISS automatically votes on all resolutions of which Schroders holds less than 0.5% (voting rights) excluding merger, acquisition, and shareholder resolutions. This ensures consistency in voting decisions as well as creating a more formalised approach to the voting process.

## Appendix 2 – Most significant votes cast

The table below sets out a cross section of significant votes undertaken by Schroders. Information on further significant votes undertaken by the Plan's investment manager have been reviewed by the Trustee.

### Schroders Life Intermediated Diversified Growth Fund

Schroders believe that all votes against management should be classified as a significant vote. However, Schroders believe resolutions related to certain topics carry particular significance. They therefore rank the significance of votes against management, firstly by climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of fund holding.

Company Name	Unilever Plc	Delta Air Lines, Inc.
<b>Date of Vote</b>	May 2021	June 2021
<b>Summary of the resolution</b>	Approve Remuneration Policy	Report on Climate Lobbying
<b>Stewardship priority</b>	Governance related	Climate related
<b>Size of the holding (% of portfolio)</b>	Not disclosed	Not disclosed
<b>How the firm voted</b>	Against	For
<b>On which criteria has the vote been deemed as 'significant'?</b>	Targets in pay dependent on discretion rather than performance.	The airline industry is likely to come under increasing regulatory pressure to reduce its emissions, so Schroders welcome greater transparency around the Group's climate-related lobbying efforts and how lobbying activities are aligned with the Paris Climate Agreement.
<b>Outcome of the vote</b>	The vote passed.	The vote passed.

Source: Schroders