

Accenture Pension Plan

# Annual Implementation Statement – Voting Summary

Plan year ending 05 April 2023

October 2023

## **Introduction**

This document is supplementary to the Annual Implementation Statement (“the statement”) prepared by the Trustee of Accenture Pension Plan (“the Plan”) covering the Plan year (“the year”) to 05 April 2023. It provides additional detail on the key voting and engagement activities for the managers during the year.

Some of the Plan’s underlying investment strategies, such as fixed income holdings, do not have any voting rights attached and have been excluded from the table below. These include the Fixed Annuity Bond Fund, Inflation-Linked Annuity Bond Fund and Corporate Bond Tracker Fund.

The Trustee is satisfied with how the managers voted during the Plan year. All data was provided by the investment managers.

## **Notes:**

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

**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?**

There are a number of potential conflicts of interest inherent in the corporate governance activity undertaken at LGIM. Detailed in the [Investment Stewardship Conflicts of Interest](#) policy, are some of the frequent conflicts of interests that LGIM identify and resolve through the application of the conflicts of interest policy.

**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.

## Accenture Pension Plan – DB section

### LGIM All World Equity Index Fund

#### **Voting Activities**

- There were 68,320 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 99.9% of its votes over the year
- 20% of votes were against management and <1% were abstained
- 60.4% of votes were contrary to the proxy advisor's recommendation

#### **Most significant vote – Vote 1: Alphabet Inc.**

**Resolution:** Report on Physical Risks of Climate Change

**Approximate size of the fund's holding as at the date of the vote: 1.10%**

**Action: For**

LGIM expects companies to be taking sufficient action on the key issue of climate change.

**Outcome:** 17.7% of shareholders voted in favour of the resolution.

#### **Most significant vote – Vote 2: Exxon Mobil Corporation**

**Resolution: Set GHG Emissions Reduction targets Consistent With Paris Agreement Goal**

**Approximate size of the fund's holding as at the date of the vote: 0.57%**

**Action: Against.**

A vote FOR is applied in the absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5 C goal.

**Outcome:** 27.1% of shareholders voted in favour of the resolution.

## Accenture Pension Plan – ARF section

### LGIM APP Global Equity Index Fund

#### **Voting Activities**

- There were 75,770 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 99.8% of its votes over the year
- 18.2% of votes were against management and 1% were abstained
- 9.7% of votes were contrary to the proxy advisor's recommendation

**Most significant vote – Vote 1: BP Plc**

**Resolution:** Approve Net Zero - From Ambition to Action Report

**Approximate size of the fund's holding as at the date of the vote: 0.97%**

**Action: For**

LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, they remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.

**Outcome:** 88.5% of shareholders voted in favour of the resolution.

**Most significant vote – Vote 2: Barclays Plc**

**Resolution: Approve Barclays' Climate Strategy, Targets and Progress 2022**

**Approximate size of the fund's holding as at the date of the vote: 0.31%**

**Action: Against.**

Climate change: While LGIM positively notes the Company's use of absolute emissions targets for its exposure in the Energy sector, as well as the inclusion of capital markets financed emissions within its methodology, they have concerns that the ranges used for interim emissions reduction targets and the exclusion of US clients from the 2030 thermal coal exit falls short of the actions needed for long-term 1.5C temperature alignment. A vote Against is therefore applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.

**Outcome:** 80.8% of shareholders voted in favour of the resolution.

**LGIM APP UK Equity Index Fund****Voting Activities**

- There were 10,870 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 99.9% of its votes over the year
- 5.5% of votes were against management and 0% were abstained
- 4.2% of votes were contrary to the proxy advisor's recommendation

**Most significant vote – Vote 1 – BP Plc.**

**Resolution:** Approve Net Zero - From Ambition to Action Report

**Approximate size of the fund's holding as at the date of the vote: 3.02%**

**Action: For**

Climate change: A vote FOR is applied, though not without reservations. While LGIM notes the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature

increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, they remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.

**Outcome:**

88.5% of shareholders supported the resolution.

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

**Resolution:** Approve Climate Action Plan

**Approximate size of the fund's holding as at the date of the vote** 2.67%

**Action: Against**

Climate change: LGIM recognises the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.

**Outcome:** 84.3% of shareholders voted in favour.

**LGIM APP Overseas Equity Index Fund**

**Voting Activities**

- There were 28,736 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 99.8% of its votes over the year
- 23% of votes were against management and <1% were abstained
- 15.6% of votes were contrary to the proxy advisor's recommendation

**Most significant vote – Vote 1: Total Energies SE**

**Resolution: Approve Company's Sustainability and Climate Transition Plan**

**Approximate size of the fund's holding as at the date of the vote: 0.61%**

**Action: Against.**

Climate change: A vote against is applied. LGIM recognizes the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, they remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.

**Outcome:** 88.9% of shareholders voted in favour of the resolution.

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

**Resolution:** Report on Physical Risks of Climate Change

**Approximate size of the fund's holding as at the date of the vote: 0.48%**

**Action: For**

Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.

**Outcome:** 17.7% of shareholders voted in favour of the resolution.

### LGIM APP Global Ethical Fund

#### Voting Activities

- There were 16,618 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 99.8% of its votes over the year
- 17.8% of votes were against management and <1% were abstained
- 12.9% of votes were contrary to the proxy advisor's recommendation

#### Most significant vote – Vote 1: Rio Tinto Plc

**Resolution:** Approve Climate Action Plan

**Approximate size of the fund's holding as at the date of the vote: 0.23%**

**Action: Against.**

Climate change: LGIM recognises the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.

**Outcome:** 84.3% of shareholders voted in favour of the resolution.

#### Most significant vote – Vote 2: Alphabet Inc.

**Resolution:** Report on Physical Risks of Climate Change

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

**Action: For**

Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.

**Outcome:** 17.7% of shareholders voted in favour of the resolution.

**APP Global Equity Fund: Underlying fund 1:**

**Pzena – Global Expanded Value Equity**



**Voting Activities**

- There were 979 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 100% of its votes over the year
- 6% of votes were against management and 0% were abstained
- 9% of votes were contrary to the proxy advisor's recommendation

**What is Pzena's policy on consulting with clients before voting?**

As a registered investment adviser and fiduciary, Pzena Investment Management (PIM) exercises its responsibility, where applicable, to vote in a manner that, in its judgement, is in the client's best interest and will maximize shareholder value. Each proxy that comes to PIM to be voted shall be evaluated in terms of what is in the best interest of their clients. Pzena deems the best interest of clients to be that which maximizes shareholder value and yields the best economic results (e.g., higher stock prices, long-term financial health, and stability).

PIM's standard Investment Advisory Agreement provides that until notified by the client to the contrary, PIM shall have the right to vote all proxies for securities held in that client's account. Where PIM has voting responsibility on behalf of a client, and absent any client specific instructions, PIM generally follows the Voting Guidelines set forth below. These Guidelines, however, are not intended as rigid rules and do not cover all possible proxy topics. Each proxy issue will be considered individually and PIM reserves the right to evaluate each proxy vote on a case-by-case basis, as long as voting decisions reflect what is in the best interest of their clients.

In those instances where PIM does not have proxy voting responsibility, PIM shall forward any proxy materials to the client or to such other person as the client designates.

**Please describe whether Pzena has made use of any proxy voter services**

PIM has engaged Institutional Shareholder Services ("ISS") to provide a proxy analysis with research and a vote recommendation for each shareholder meeting of the companies in PIM's client portfolios. ISS also votes, records, and generates a voting activity report for PIM's clients and assist PIM with recordkeeping and the mechanics of voting. In no circumstance shall ISS have the authority to vote proxies except in accordance with standing or specific instructions given to it by PIM. PIM retains responsibility for instructing ISS how to vote, and PIM will still apply its own Voting Guidelines.

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

The analyst who is responsible for covering the company also votes the associated proxies since they have first-hand in-depth knowledge of the company. In evaluating proxy issues, the analyst will utilize a variety of sources to help come to a decision:

- i. Information gathered through in-depth research and on-going company analyses performed by their investment team in making buy, sell and hold decisions for their client portfolios. This process includes regular external engagements with senior management of portfolio companies and internal discussions with Portfolio Managers ("PMs") and the Chief Investment Officer ("CIO"), as needed.
- ii. ISS reports to help identify and flag factual issues of relevance and importance.
- iii. Information from other sources, including the management of a company presenting a proposal, shareholder groups, and other independent proxy research services.
- iv. Where applicable, any specific guidelines designated in writing by a client.

**Proxy Voting Committee**

To help make sure that PIM votes client proxies in accordance with their fiduciary obligation to maximize shareholder value, PIM has established a Proxy Voting Committee ("the Committee") which is responsible for overseeing the Voting Guidelines. The Committee consists of representatives from Legal and Research, including their Chief Compliance Officer ("CCO"), Director of Research ("DOR"), and at least one PM (who represents the interests of all PIM's portfolio managers and is responsible for obtaining and expressing their opinions at committee meetings). The Committee will meet at least once annually and as often as necessary to oversee their approach to proxy voting.

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

According to their Proxy Voting Policy, potential conflicts include:

1. where Pzena manages assets for an account affiliated with
  - a. a publicly traded company,
  - b. an individual who is a corporate director or a candidate for a corporate directorship of a public company
2. where a Pzena employee, director or immediate family member is a corporate director, or a candidate for directorship of a public company
3. where Pzena manages the assets for a proponent of a shareholder proposal for a public company

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

No response

**Most significant vote – Vote 1: General Electric Company**

**Resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation

**Approximate size of the fund's holding as at the date of the vote: 2.54%**

**Action: For**

Pzena commented on the vote as follows: "Last year, we voted against GE's executive compensation because they reset equity-linked pay during the pandemic. This year, GE did not repeat this action, which is against our guidelines.."

**Outcome:** The resolution was passed.

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

**Resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation

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

**Action: For**

Pzena commented on the vote as follows: "The current compensation table has an accounting issue that overstates the compensation. This will roll off from next year. We have engaged with the company on compensation and have noted the improvements they have made to the program. We believe the company's compensation policy aligns with Pzena's guidelines.

**Outcome:** The vote was not passed.

**APP Global Equity Fund: Underlying fund 2:**

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

**Voting Activities**

- There were 408 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 100% of its votes over the year
- 11% of votes were against management and 0% were abstained
- 11% of votes were contrary to the proxy advisor's recommendation

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

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.

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.

**Please describe whether Veritas has made use of any proxy voter services**

VAM LLP use Institutional Shareholder Services ("ISS"), for vote execution and policy application.

**Please provide an overview of Veritas’s process undertaken for deciding how to vote**

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.

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.

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.

**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?**

Veritas is not impacted by any of conflicts of interests listed.

**Please include here any additional comments which are relevant to Veritas’ voting activities or processes**

No response provided.

**Most significant vote – Vote 1: Amazon.com, Inc.**

**Resolution:** Report on Efforts to Reduce Plastic Use

**Approximate size of the fund’s holding as at the date of the vote: 3.6%**

**Action: Against**

Veritas commented as follows: “A vote FOR this proposal is warranted, as shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste..”

**Outcome:** The vote was not passed.

**Most significant vote – Vote 2: Charter Communications, Inc.**

**Resolution:** Disclose Climate Action Plan and GHG Emissions Reduction Targets

**Approximate size of the fund's holding as at the date of the vote:** 5.1%

**Action:** For

Veritas commented as follows: "A vote FOR this proposal is warranted, as additional information on the company's GHG emissions reduction goals aligned with Paris Agreement goals, would allow shareholders to better assess how the company is mitigating climate change related risks.

**Outcome:** Proposal rejected.

### **APP UK Equity Fund: Underlying fund 1:**

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

##### **Voting Activities**

- There were 4,421 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 100% of its votes over the year
- 5% of votes were against management and <1% were abstained
- 5.75% of votes were contrary to the proxy advisor's recommendation

##### **What is R&M's policy on consulting with clients before voting?**

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.

##### **Please describe whether R&M has made use of any proxy voter services**

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.

##### **Please provide an overview of R&M's process undertaken for deciding how to vote**

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.

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.

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.

**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?**

R&M is not impacted by any of conflicts of interests listed.

**Please include here any additional comments which are relevant to R&M's voting activities or processes**

No response provided.

**Most significant vote – Vote 1: BP Plc**

**Resolution:** Approve Shareholder Resolution on Climate Change Targets

**Approximate size of the fund's holding as at the date of the vote: 5%**

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

**Action: For**

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

**Outcome:** 14.85% for (not passed)

**Most significant vote – Vote 2: Royal Dutch Shell Plc**

**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: 5%**

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

**Action: For**

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

**Outcome:** 20.29% For

### **APP UK Equity Fund: Underlying fund 2:**

#### **Lindsell Train – Lindsell Train UK Equity Fund**

##### **Voting Activities**

- There were 353 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 100% of its votes over the year
- <1% of votes were against management and <1% were abstained
- An unknown % of votes were contrary to the proxy advisor's recommendation

**What is Lindsell Train's policy on consulting with clients before voting?**

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.

**Please describe whether Lindsell Train has made use of any proxy voter services**

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.

It has a bespoke policy, which the portfolio managers may choose to refer to.

**Please provide an overview of Lindsell Train's process undertaken for deciding how to vote**

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.

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.

Lindsell Train's Portfolio Managers maintain final decision-making responsibility for all votes, based on its knowledge of the companies in which they invest.

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.

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.

**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 - Mondelez Plc**

**Resolution:** Advisory vote on Executive compensation

**Approximate size of the fund's holding as at the date of the vote: 7.0%**

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

#### **Action: Abstained**

Lindsell Train commented: "Lindsell Train pays careful consideration to the compensation policies of the companies in which we invest. In assessing their compensation policies we focus more on how incentives are structured rather than the actual quantum of compensation. In other words we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles. In the case for Mondelez we do not believe that the company's compensation policy is aligned with the long term best interests of the shareholders and have been engaging with the company on this matter over a number of years.

Prior to 2020 we had voted against Mondelez compensation resolutions, however over the past two years Mondelez management have made a significant effort to explain to our investment team the rationale for their policies during our various engagements with them. Whilst their policy has not responded to our feedback, our vote indicates our intent to support Mondelez management in the event that they do amend their policy to align more closely with our views on compensation, and also rewards management's active engagement with Lindsell Train. We engaged with Mondelez's compensation committee before the vote to signal our intention to Abstain."

**Outcome:** The vote was passed.

**Most significant vote – Vote 2: Unilever Plc**

**Resolution:** Various Elections of Executive Members

**Approximate size of the fund's holding as at the date of the vote:** 7.8%

**Action:** For

Lindsell Train commented: "We continue our engagement with the management of Unilever and spoke to the Chair, Nils Andersen, in June. This follows two engagements earlier in the year, related to capital allocation (following news of the failed bid for GSK's consumer healthcare division) and animal testing. In this instance, our engagement centred on the recent news of the appointment of activist investor, Nelson Peltz of Trian Fund Management, to its board as a non-executive director, after his purchase of 1.5% of Unilever's shares. As Trian's objectives are ostensibly in line with our own, we had no objection to the appointment despite being somewhat surprised at the low ticket-price to get a seat at the table. We did however take the opportunity to urge the board to resist any proposals that merely boost short-term value. Andersen confirmed that the board remain committed to their long-term strategy and are focussed on protecting the strategic value of Unilever's assets."

**Outcome:** Resolution was passed.

**APP EM Equity Fund: Underlying fund 1:****Morgan Stanley Investment Management (MSIM) – Global Emerging Market Equity****Voting Activities**

- There were 1,113 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 97.5% of its votes over the year
- 8.4% of votes were against management and <1% were abstained
- 4.61% of votes were contrary to the proxy advisor's recommendation

**What is MSIM's policy on consulting with clients before voting?**

MSIM does not consult with clients before voting securities held in pooled vehicles.

**Please describe whether MSIM has made use of any proxy voter services**

MSIM has retained Research Providers to analyse proxy issues and to make vote recommendations on those issues. While MSIM review the recommendations of one or more Research Providers in making proxy voting decisions, MSIM are in no way obligated to follow such recommendations. MSIM votes all proxies based on its own proxy voting policies in the best interests of each client. In addition to research, ISS provides vote execution, reporting, and recordkeeping services to MSIM.

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

MSIM Affiliates will vote proxies in a prudent and diligent manner and in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which the MSIM Affiliates manage assets, consistent with the objective of maximizing long-term investment returns ("Client Proxy Standard"). In addition to voting proxies at portfolio companies, MSIM routinely engages with the management or board of companies in which MSIM invest on a range of environmental, social and governance issues.

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



Yes, across MSIM's equity holdings there are occasions where the conflicts listed arise from time-to-time. MSIM tracks these potential conflicts of interest and votes in line with the proxy voting policy or may abstain to avoid any potential conflicts.

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

No response

**Most significant vote – Vote 1: Tencent Holdings Limited**

**Resolution:** Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights

**Approximate size of the fund's holding as at the date of the vote:** 3.9%

**Action: Against**

MSIM recommended Against because new issuance leads to Excessive dilution and the company has not specified the discount limit.

**Outcome:** Passed

**Most significant vote – Vote 2: Star Health & Allied Insurance Co. Ltd.**

**Resolution:** Approve Remuneration Report

**Approximate size of the fund's holding as at the date of the vote:** 0.6%

**Action: Against**

MSIM recommend Against due to excessive quantum of pay relative to peers.

**Outcome:** Passed

**APP EM Equity Fund: Underlying fund 2:  
GW&K (formerly called Trilogy) – Emerging Markets Equity**

**Voting Activities**

- There were 1,116 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 100% of its votes over the year
- 12% of votes were against management and 2% were abstained
- 0% of votes were contrary to the proxy advisor's recommendation

**What is GW&K's policy on consulting with clients before voting?**

Where clients have delegated proxy voting authority to GW&K, it has implemented proxy voting policies and procedures designed to reasonably ensure that its votes proxies in the best interest of clients. In voting proxies, GW&K seeks to maximize the long-term value of client assets. Upon request, GW&K will provide clients these proxy voting policy and procedures, and information about how proxies were voted on their behalf. In cases where a client has delegated proxy voting authority to GW&K but would like to direct its vote on a particular proxy solicitation, the client may contact GW&K to instruct its vote accordingly.

**Please describe whether GW&K has made use of any proxy voter services**

As mentioned above, GW&K has adopted proxy voting guidelines developed by Glass Lewis & Co., an independent third-party service provider, which provides recommendations on ballot items for securities held in client accounts. Proxies are voted on behalf of GW&K's clients (who have delegated proxy voting authority) in accordance with those guidelines. GW&K reserves the right to cast votes contrary to Glass Lewis guidelines if it deems it necessary and in the best interest of its clients.

GW&K has contracted with Broadridge Financial Solutions, an independent third party service provider, to act as proxy voting agent and to provide proxy voting services, including:

- 1) Conduct in-depth proxy research;
- 2) Process and vote proxies in connection with securities held by GW&K's clients;
- 3) Maintain appropriate records of proxy statements, research, and recommendations;
- 4) Maintain appropriate records of proxy votes cast on behalf of GW&K's clients;
- 5) Complete other proxy related administrative functions.

**Please provide an overview of GW&K's process undertaken for deciding how to vote**

As a registered investment adviser and fiduciary to its clients, GW&K has implemented its Proxy Voting Policy to establish internal controls and procedures governing the firm's review and voting of proxies on behalf of client accounts. To assist in the process, GW&K leverages recognized third-party service providers to facilitate the firm's proxy voting process. GW&K has adopted proxy voting guidelines developed by Glass Lewis & Co., which provides recommendations on ballot items for securities held in client accounts. GW&K has also retained Broadridge Financial Solutions as proxy voting agent and to provide related proxy voting services.

Glass Lewis and Broadridge assist GW&K by conducting in-depth proxy research; processing and executing proxies in connection with securities held by GW&K's clients; maintaining records of proxy statements, research, and recommendations; maintaining records of proxy votes cast on behalf of GW&K's clients; and completing other proxy related administrative functions.

GW&K has established a Proxy Voting Committee to oversee the firm's proxy voting process, including the firm's Proxy Voting Policy, the firm's service providers and the proxy voting guidelines. In addition, the Committee would address any potential conflicts of interest that are identified by GW&K with respect to voting any specific proxy ballot item. The Committee is comprised of GW&K's Chief Compliance Officer, General Counsel, managers of GW&K's Investment Operations and Client Services teams, members of the Legal & Compliance team, as well as certain GW&K Portfolio Managers. The Committee meets annually, and more frequently as needed.

In instances when a proxy ballot item does not fall within the Glass Lewis guidelines or where GW&K determines that voting in accordance with the Glass Lewis recommendation is not advisable or consistent with GW&K's fiduciary duty, GW&K's portfolio managers, with the support of GW&K's Legal & Compliance team and other personnel, will review the relevant facts and circumstances and determine how to vote the particular proxy ballot item. Please see GW&K's Proxy Voting Policy for further details.

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

1) Due to the nature of their clientele, GW&K does from time to time trade in securities issued by clients or the companies that employ or otherwise engage their clients. For example, some GW&K clients are board members, senior executives or employees of publicly traded companies. In addition, they manage assets for publicly traded companies, the securities of which they may purchase from time to time for their investment strategies. They only purchase securities for their clients if the company passes their investment screening process and they believe that owning the shares would benefit their clients. In all such instances, GW&K will act in what they believe are the best interests of their clients. GW&K will make investment decisions for client accounts independently and not on the basis of whether the security issuer, or an employee or other associate of the issuer, is a client of GW&K. Please see below in relation to GW&K's further efforts to address potential conflicts of interest relating to proxy voting.

2) to 5) No.

As a fiduciary, GW&K always must act in their clients' best interests. They strive to avoid any potential conflicts that may compromise the trust their clients have placed in them, and they insist on strict adherence to fiduciary standards and compliance with all applicable federal and state securities laws. GW&K has a comprehensive Code of Ethics ("Code") to help them meet these obligations. As part of this responsibility and as expressed throughout the Code, they place the interests of their clients first and attempt to avoid any perceived or actual conflicts of interest. They recognize that there may be a potential conflict of interest when they vote a proxy solicited by an issuer whose retirement plan they manage, or they administer, who distributes GW&K-sponsored mutual funds, or with whom they or an employee has another business or personal relationship. In order to avoid any perceived or actual conflict of interest, as mentioned above, GW&K has adopted Glass Lewis proxy voting guidelines. The adoption of Glass Lewis' guidelines, which provide pre-determined guidelines for voting proxies, is designed to remove potential conflicts of interest GW&K may have in voting on its clients' behalf. By adopting these policies, GW&K believes that it has removed discretion that GW&K would otherwise have to determine how to vote proxies in cases where GW&K may have a conflict of interest. Additionally, no less than annually, a list of companies and organizations whose proxies may pose potential conflicts of interest is compiled by the Legal and Compliance Department and reviewed by GW&K's Proxy Committee.

In situations where Broadridge and/or Glass Lewis has a potential conflict of interest with respect to a proxy it is overseeing on behalf of GW&K's clients, Broadridge and/or Glass Lewis is obligated to fully or partially abstain from voting the ballot as applicable and notify GW&K. GW&K's Proxy Committee will provide the voting recommendation after discussion with applicable GW&K Portfolio Managers and a review of the measures involved. Similarly, in instances where GW&K becomes aware of a potential conflict of interest pertaining to a proxy vote for a security held in the client's account, or where a client otherwise makes a request pertaining a specific proxy vote, GW&K's Portfolio Management will provide the voting recommendation after reviewing relevant facts and circumstances.

**Please include here any additional comments which are relevant to GW&K's voting activities or processes**

No response provided.

**Most significant vote – Vote 1: Sands China**

**Resolution: Election of Remuneration Committee Member**

**Approximate size of the fund's holding as at the date of the vote: 1.5%**

**Action: Against Management**

GW&K commented: "Insufficient remuneration committee independence. The resolution passed even though we voted against it. We will continue to advocate for and demand Remuneration Committee independence."

**Outcome:** Resolution passed.

**Most significant vote – Vote 2: Reliance Industries**

**Resolution:** Election of Directors

**Approximate size of the fund's holding as at the date of the vote: 3.4%**

**Action: Against management**

GW&K commented: "Lack of Board Diversity. The resolution passed even though we voted against it. We will continue to advocate for and demand Board Diversity.

**Outcome:** Resolution passed.

**APP Diversified Growth Fund – Underlying fund 1:  
BlackRock DC Diversified Growth**

**Voting Activities**

- There were 11,775 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 92% of its votes over the year
- 5% of votes were against management and 1% were abstained
- 0% of votes were contrary to the proxy advisor's recommendation

**What is BlackRock's policy on consulting with clients before voting?**

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. BlackRock voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. They inform their vote decisions through research and engage as necessary. Their engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. They may also update their regional engagement priorities based on issues that they believe could impact the long-term sustainable financial performance of companies in those markets. They welcome discussions with their clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in their Global Corporate Governance and Engagement Principles, BlackRock determines which companies to engage directly based on their assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive. Their voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would engage a third-party voting execution platform to cast the votes.

**Please describe whether BlackRock has made use of any proxy voter services**

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with **BlackRock's Global Corporate Governance and Engagement Principles** and **custom market-specific voting guidelines**.

While BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and they do not blindly follow their recommendations on how to vote. They primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information they use include the company's own reporting (such as the proxy statement and the website), their engagement and voting history with the company, and the views of their active investors, public information and ESG research.

In summary, proxy research firms help BlackRock deploy their resources to greatest effect in meeting client expectations

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients' assets, using their voice as a shareholder on their behalf to ensure that companies are well led and well managed

- They use proxy research firms in their voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that their analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial
- They do not follow any single proxy research firm's voting recommendations and in most markets, they subscribe to two research providers and use several other inputs, including a company's own disclosures, in their voting and engagement analysis
- They also work with proxy research firms, which apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform their voting decision
- The proxy voting operating environment is complex and they work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting

BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock to any meetings where additional research and possibly engagement might be required to inform their voting decision.

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

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Their voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. They inform their vote decisions through research and engage as necessary. Their engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. They may also update their regional engagement priorities based on issues that they believe could impact the long-term sustainable financial performance of companies in those markets. They welcome discussions with their clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in their Global Corporate Governance and Engagement Principles, BlackRock determines which companies to engage directly based on their assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive. Their voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. They apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. They inform their vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would engage a third-party voting execution platform to cast the votes.

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

As an investment manager, BlackRock has a duty of care to its clients. BlackRock's duty extends to all of its employees and is critical to our reputation and business relationships, and to meeting the requirements of our various regulators worldwide. Employees are held responsible by BlackRock to seek to avoid any activity that might create potential or actual conflicts with the interests of clients. BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through our employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training. Among the various policies and procedures that address conflicts of interest is BlackRock's Global Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place our clients' interests first and to identify and manage any conflicts of interest that may arise in

the course of our business. In order to mitigate potential and actual conflicts of interest, each BlackRock employee must, among other things:

- Identify potential or actual conflicts of interest both in relation to existing arrangements and when considering changes to, or making new, business arrangements;
- Report any conflicts of interest promptly to his/her supervisor and Legal & Compliance;
- Avoid (where possible) or otherwise take appropriate steps to mitigate a conflict to protect our clients' interests; and
- Where appropriate, disclose conflicts of interest to clients prior to proceeding with a proposed arrangement BlackRock Legal & Compliance conducts mandatory annual compliance training, which includes a discussion of the Global Conflicts of Interest Policy.

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

N/A

**Most significant vote – Vote 1: Equinor ASA**

**Resolution:** Increase Investments in Renewable Energy, Stop New Exploration in Barents Sea, Discontinue International Activities and Develop a Plan for Gradual Closure of the Oil Industry

**Approximate size of the fund's holding as at the date of the vote:** N/A

**Action: Against**

BlackRock commented "BIS voted against the proposal as, on our assessment, they are overly prescriptive and stray into micromanagement of business decisions that we do not believe to be the domain or responsibility of shareholders.

**Outcome:** Not passed.

**Most significant vote – Vote 2: Grupo Financiero Banorte SAB de CV**

**Resolution:** Elect Alfredo Elias Ayub as Director

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

**Action: For resolution**

BlackRock commented "BIS supported the directors up for election given that the company provided robust and timely disclosures, articulating how the proposed board is well positioned to oversee the company's strategic aims over the long-term.

**Outcome:** Resolution passed.

**APP Diversified Growth Fund – Underlying fund 2:  
Schroders Diversified Growth**

**Voting Activities**

- There were 15,662 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 95% of its votes over the year
- 10% of votes were against management and 0% were abstained
- 2% of votes were contrary to the proxy advisor's recommendation

**What is Schroders' policy on consulting with clients before voting?**

In order to maintain the necessary flexibility to meet client needs, local offices of Schroders may determine a voting policy regarding the securities for which they are responsible, subject to agreement with clients as appropriate, and/or addressing local market issues. Clients in the UK will need to contact their usual client services person(s) on whether or not this is available for the type of investment(s) they hold with Schroders.

**Please describe whether Schroders has made use of any proxy voter services**

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

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

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

**Please provide an overview of Schroders' process undertaken for deciding how to vote**

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

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

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, on which they receive training and which is reviewed annually. There are also supplementary local policies that apply the Group policy in a local context. More specifically, conflicts or perceived conflicts of interest can arise when voting on motions at company meetings which require further guidance on how they are handled. Outlined below are the specific policies that cover engagement and voting.

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 significant 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, they will vote as they see 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, they 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 stocks 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.

**Please include here any additional comments which are relevant to Schroders' voting activities or processes**

No response

**Most significant vote – Vote 1 – Rio Tinto Plc**

**Resolution:** Approve Climate Action Plan

**Approximate size of the fund's holding as at the date of the vote:** N/A

**Action:** Against

Schroders commented: "We are concerned in particular that we are unable to ascertain whether the company is engaging sufficiently with its customers and other stakeholders on its scope 3 emissions to support its climate action plan."

**Outcome:** Pass

**Most significant vote – Vote 2: Royal Bank of Canada**

**Resolution:** SP 1: Update the Bank's Criteria for Sustainable Finance to Preclude Fossil Fuel Activity and Projects Opposing Indigenous Peoples

**Approximate size of the fund's holding as at the date of the vote:** N/A

**Action:** For

Schroders commented: "We believe our vote for this item will maximise the value to our clients. The company is asked to update its criteria for sustainable finance to preclude fossil fuel activity and projects facing significant opposition from Indigenous Peoples. We are concerned that inclusion of these types of activities could undermine the bank's other sustainable finance activities and / or lead to reputational damage through accusations of greenwashing. We therefore support this proposal."

**Outcome:** Fail