

## **Shareholder Rights Directive (SRD) II**

### **Introduction**

SRD II aims to promote long-term shareholder engagement and improve active ownership practices across the European Union (EU). The updated Directive, which has been implemented into domestic law in the United Kingdom, became effective as of 10 June 2019. SRD II imposes transparency obligations on 'institutional investors' (life insurers, reinsurers with life-insurance obligations and occupational pension schemes) and 'asset managers' (including investment firms providing discretionary portfolio management services) to the extent investments are made in shares traded on a regulated market, including certain markets situated outside the European Economic Area (EEA). In the UK, SRD II requirements are reflected in the FCA Handbook under COBS 2.2B.

The following Schroder entities must reference where voting information is published in relation to their activities: Schroder Investment Management Limited; Schroder Pension Management Limited; Schroder Investment Management (Europe) SA; and Schroder Unit Trusts Limited.

### **Engagement policy disclosure**

Under SRD II, Schroders is required to disclose a shareholder engagement policy or provide a clear and detailed explanation of why we are not. Schroders publishes its ESG Policy on our website; available [here](#)<sup>1</sup>. Both our engagement and voting policies are contained within this document. We detail our approach to engagement and voting across the business. In particular we describe our voting behaviour, explain significant votes and report on the use of the services of proxy advisors. We review and update our ESG Policy on a regular basis.

### **The use of proxy advisors**

Schroders utilises proxy advisor services to deliver and report on the delivery of voting ballots. Schroders supplements proxy advisor research with our own internal policy and research procedures.

### **Annual disclosure obligations**

As part of SRD II's disclosure requirements, we must disclose annually via our website the following information: (i) where our engagement policy can be accessed (see above), and (ii) how it has been implemented in a way that meets the requirements of the Directive.

Implementation is covered in our regular reporting. Details of individual engagements including case studies can be found in our quarterly sustainable investment reports which can be located [here](#). Schroders discloses how it votes across all holdings in our Monthly Voting Reports, which can be found [here](#).

### **Annual disclosure on behalf of SRD 'institutional investors'**

Schroders will make required disclosures under SRD II, where applicable, where the firm invests on behalf of SRD 'institutional investors' whether on a discretionary client-by-client basis or through a collective investment undertaking. This includes information on portfolio composition, and turnover and turnover costs, which is provided as part of our periodic client reporting, where applicable.

An institutional investor caught by the Directive is generally an undertaking carrying out the activity of life assurance and/or of reinsurance, provided that those activities cover life-insurance obligations, or is an institution for occupational retirement provision. If you are unsure whether you are an institutional investor, please contact your usual Client Services contact at Schroders.

<sup>1</sup> See p.8 for “ Company Engagement” section and p.9 onwards for “Voting”.