

SCHRODERS RETIREMENT BENEFITS SCHEME ANNUAL IMPLEMENTATION STATEMENT FOR THE PERIOD 1 JANUARY 2022 TO 31 DECEMBER 2022

1. Introduction

This statement, which covers the Defined Contribution (“DC”) and Defined Benefit (“DB”) sections of the Scheme, sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustee of the Schroders Retirement Benefits Scheme (“the Scheme”), has been followed during the year to 31 December 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

The table later in this document sets out how, and the extent to which, the policies in the SIP have been followed.

2. Investment Objectives of the Scheme

2.1 DC Section

The Trustee’s objective is to provide an appropriate range of funds that are suitable for meeting members’ investment needs.

The Trustee seeks to achieve its objective by offering a range of funds (set out in Schedule 2 of the SIP). Having considered the types of assets available and styles of management, the fund range is intended to provide members with access to all main asset classes and, where possible, a choice of active or passive management.

The policies set out in the SIP are intended to help meet the overall investment objectives of the Scheme. Detail on the Trustee’s objectives with respect to the default investment option and the self-select fund range are outlined in the SIP.

2.2 DB Section

The Trustee’s objective is to meet the benefit obligations in full. The investment objective is to maintain stability of the funding ratio whilst at the same time seeking to achieve better returns over time than those assumed by the Scheme Actuary.

The Trustee seeks to achieve this objective by investing in a diversified portfolio of assets with the aim of having a 50% (or better) chance of being 105% funded on a gilts + 0.25% basis by 2029.

The Scheme’s assets have been split into a Liability Matching Portfolio, a Liquid Growth Portfolio, and an Alternative Credit Portfolio.

3. Review of the SIP

The SIP was last reviewed in November 2022. This review saw the addition of climate and collateral risks and how they are managed within both the DB and DC sections (where relevant). Details of the Scheme’s new Responsible Investment and Voting Policy have also been added, along with confirmation of the Trustee’s requirements around significant votes and how these are defined. Schedules 1 and 2 were updated to reflect the current asset allocation and the addition of the Schroders Global Islamic Equity fund and the removal of the Aviva Property fund. The updated version was signed on 19 December 2022.

The Trustee will review the SIP following any significant change in investment policy, changes to the demographic profile of the relevant members or regulatory changes and at least every three years. Any such review will be based on written, expert investment advice and will be undertaken in consultation with Schroders.

4. Policy on Environmental, Social and Governance (ESG), Stewardship and Climate Change

The Scheme's SIP includes the Trustee's policy on ESG factors, stewardship and climate change. The policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. In September 2021, the Trustee undertook an ESG beliefs survey to refresh and strengthen their beliefs around ESG and Climate Change. As a result of this, several areas were highlighted as key priorities including ESG Risk Management, Climate change, Investor stewardship and Investing in strategies that target long term ESG themes. The Trustee has drafted a standalone Responsible Investment and Voting Policy, which captures these beliefs. This was agreed in Q2 2022. This policy is reviewed annually and the ESG beliefs will be re-evaluated at least every three years.

The Trustee believes that environmental, social, and corporate governance (ESG) issues, including climate change risks, can be financially material to long-term investment portfolios and should therefore be considered as part of the Scheme's investment process. The Trustee has given the investment managers of both the DC Section and the DB Section full discretion to evaluate ESG issues in the selection, retention, and realisation of investments. The Trustee believes that good active managers have considered, and will continue to consider, how best to account for ESG factors in their investment process.

The Trustee believes that good stewardship can enhance long-term portfolio performance and is therefore in the best interests of the Scheme's beneficiaries and aligned with fiduciary duty. The Trustee has given their investment managers full discretion in exercising rights and stewardship obligations relating to the Scheme's investments. The Trustee expects all their fund managers to monitor investee companies and engage with management on all relevant stewardship matters including performance, strategy, risks, social and environmental impact, and corporate governance.

The Trustee has continued to receive regular training on all areas of ESG throughout 2022. The Trustee has received updates from Schroders on its approach, at both the 9 March 2022 and 7 June 2022 Investment Committee meetings. As part of its DC investment strategy review, carried out during 2022, the Trustee has considered the level of ESG integration in the Scheme and reviewed the ESG ratings for the Scheme's investments along with what each Investment Manager is doing from an Inclusion and Diversity perspective. The Trustee has also considered what it is doing to be more diverse and inclusive.

The Trustee has been following a high level roadmap of actions to ensure it meets the requirements of the Task Force on Climate-Related Financial Disclosures ("TCFD") by its Q3 2023 deadline. As part of this it has disclosed ESG and climate related risks in the risk register, updated the CMA objectives in place with the Scheme's Investment Advisers to include specific ESG/climate related objectives, reviewed and updated the statements/policies within the SIP and has undertaken Climate Change metric and scenario analysis, allowing it to set targets to limit implied temperature rises across the Scheme's investment portfolio.

5. Assessment of how the policies in the SIP have been followed for the year to 31 December 2022

The information provided in the following tables highlight the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee policies in the SIP, relating to the Scheme as a whole. The latest SIP is available here: www.schroders.com/en/schroders-retirement-benefits-scheme.

In Summary, it is the Trustee’s view that the policies in the SIP have been followed during the Scheme year to 31 December 2022.

5.1 DC Section

Requirement	Policy	In the year to 31 December 2022
<p>1</p> <p>Securing compliance with the legal requirements about choosing investments</p>	<p>DC Section - (1) Introduction and (19) Investment decision process</p> <p><i>Under the Pensions Act 1995, Trustees are required, when taking investment decisions, to consider the need for diversification and suitability of individual investment categories and the underlying investments. Trustees must also take proper written advice before investing and periodically on retaining an investment. In addition, Trustees must exercise their decision-making powers in accordance with their Statement of Investment Principles.</i></p>	<p>Over the Scheme year to 31 December 2022 the Trustee replaced the Aviva Investors Pensions Limited Property Fund (the “Property Fund”) with the Schroder Global Cities Real Estate Fund (the “Global Cities Fund”). This change was implemented in January 2022.</p> <p>In October 2022 the Trustee also implemented the Schroder Islamic Global Equity Fund.</p> <p>The Scheme’s DC Investment Adviser, Mercer Limited, provided suitability advice in compliance of the requirement set out in Section 36 of the Pensions Act 1995, stating the new investment arrangements were suitable for the Scheme and rationale supporting this view.</p>
<p>2</p> <p>Kinds of investments to be held</p>	<p>DC Section - (10) Investment Strategy</p> <p><i>The Trustee seeks to achieve its objective by offering a range of funds. Having considered the types of assets available and styles of management, the range of funds is intended to provide members with access to all main asset classes (including Equities, Fixed Income, Property and Diversified Growth) and, where possible, a choice of active or passive management.</i></p>	<p>The default investment option formal triennial review concluded in 2022. The suitability of the investments (fund type, management style and asset allocations) used in the default strategy and self-select fund range were all reviewed as part of this exercise.</p> <p>Over the Scheme year, the Trustee implemented the closure of the Property Fund, due to liquidity concerns following a change in the redemption terms of the fund. The Trustee wanted to offer members’ exposure to property markets but without the liquidity concerns and following a review of potential alternative funds agreed to add the Schroders Global Cities Fund to the self-select fund range. A formal communication was sent to members in 2021 and changes were implemented in January 2022.</p> <p>The Trustee were also keen to offer a suitable investment option to cater to a wider range of members’ religious beliefs. As such, the Trustee introduced the Schroder Islamic Global Equity Fund in October 2022.</p>

			<p>In November 2022, following a review of the ESG integration of the available self-select funds, the Trustee also agreed to introduce two new sustainable funds to the self-select range, the LGIM Future World Global Equity Index and the Schroder Global Sustainable Growth Fund. These two funds were implemented in February 2023.</p> <p>Over the year, the IC received investment performance reports on a quarterly basis which monitors the investment performance of the funds within the default investment option and the self-select funds. Investment performance was reviewed by the Trustee at the quarterly IC meetings. The report includes a 'Watch List' section, which contains information and performance analysis on funds the IC are monitoring more closely.</p>
3	The balance between different kinds of investments	<p>DC Section - (12) Default</p> <p><i>Members can combine the investment funds in any proportion in order to achieve the desired level of return and risk in line with their own attitude towards, and tolerance of risk.</i></p> <p><i>In relation to the default, the Trustee believes that the Default is appropriate for the majority of members but that does not necessarily mean that it is the most suitable option for all.</i></p>	<p>The suitability of the Strategic Asset Allocation was reviewed as part of the triennial investment strategy review in March 2022.</p> <p>The Trustee receives quarterly investment performance reports which monitor the risk and return of the investment options within the Scheme, including the default investment option. The quarterly monitoring report also reports the ratings (this provides a forward looking view of the funds) of those funds along with manager and market news over that quarter.</p>
4	Risks, including the ways in which risks are to be measured and managed	<p>DC Section - (11) Risk</p> <p><i>The Trustee recognises that there are a number of investment risks facing members of the Scheme (summarised in section 11 of the SIP), and has taken these into consideration when determining the range of funds to offer to members.</i></p>	<p>As detailed in the risk table in the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, and the choice of fund managers, funds and asset classes.</p> <p>The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.</p> <p>Additionally, the Trustee believes that financially material considerations, including environmental, social, and corporate governance (ESG) factors, can have a material impact on investment risk and return outcomes over a longer-term time horizon. When considering the investment arrangements of the Scheme, the Trustee takes account of the ESG risks that associate with the investment decision.</p> <p>Over the year, the Trustee have been considering and assessing the climate related risks and opportunities within the Scheme. This includes completing climate scenario analysis and climate metric reporting and also including consideration of climate</p>

			<p>related risks within the risk register. The conclusions of this will be included within the 2022 TCFD report.</p> <p>The Trustee also monitors the volatility of the investment strategy in the quarterly investment reports. The 'Watch List' section contains more detailed performance analysis on funds the IC are monitoring more closely.</p>
5	Expected return on investments	<p>DC Section - (12) Default</p> <p><i>Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the Default Fund, the Trustee has explicitly considered the trade-off between risk and expected returns. The Trustee believes that the Default should provide capital growth with some downside and inflation protection.</i></p>	<p>The investment performance report includes how each investment manager is delivering against their specific targets. The selection of the investment managers is the responsibility of the Trustee.</p> <p>The portfolio components of the default are specifically monitored against their respective aims and objectives. The growth phase of the default lifestyle strategy is reviewed against inflation and equity volatility, the de-risking phase of the default is looked at against inflation.</p> <p>The de-risking phase of the lifestyle option is reviewed against its relative outcome as a means of assessing the impact relative to member buying power of their chosen retirement target.</p>
6	Realisation of investments	<p>DC Section - (14) Realisation of Investments</p> <p><i>The Defined Contribution Section assets are held in pooled funds. The Trustee expects the appointed fund managers to determine whether or not to sell particular investments, and which investments to sell, to raise cash as and when needed for meeting requirements notified to the managers by the Trustee or the Scheme Administrator. Requirements to buy and sell units in each pooled fund will be notified to the managers by the Trustee or Scheme Administrator, generally in response to requests from individual members</i></p>	<p>All funds are daily dealt pooled investment vehicles, accessed by an insurance contract.</p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the	<p>DC Section - (11) Risk and (16) Environmental, Social, Governance (ESG) risks</p> <p><i>The Trustee recognises that there are several investment risks facing members of the Scheme, and</i></p>	<p>The investment performance report includes ratings (both general and ESG specific) from the DC Investment Adviser.</p> <p>One of the Trustee's key responsibilities is to ensure that the range of investment choices available remains relevant and suitable, taking account of changing markets and member options at retirement. The risks identified in the SIP were assessed (i.e. measured and managed) as part of reviewing the monitoring performance report on</p>

	selection, retention and realisation of investments	<p><i>has taken these into consideration when determining the range of funds to offer to members.</i></p> <p><i>The Trustee will also consider the DC Investment Advisers' assessments of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment managers' policy on voting and engagement. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.</i></p>	<p>a quarterly basis at Trustee meetings - this also included a review of manager ratings from the DC Investment Adviser (both general ratings focusing on the DC Investment Adviser's view on the ability of the funds to achieve their objectives and specific ESG ratings focusing on stewardship and ESG integration). ESG ratings are also monitored as part of the annual Value for Members ("VfM") Assessment.</p> <p>The Scheme's SIP includes the Trustee's policy on ESG factors, Stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.</p> <p>The Trustee keeps its policies under regular review with the SIP subject to review at least triennially. The SIP was last reviewed in November 2022.</p> <p>As stated in the "Policy on ESG, Stewardship and Climate Change" section above, there has been a number of training sessions that have taken place over the year to address the ESG and climate change credentials of the Scheme and how to improve these.</p> <p>The Trustee has also agreed an action plan and put together a working party to take forward the requirements of the TCFD. The Scheme is required to include TCFD disclosures in its Annual Report and Accounts for the year ending 31 December 2022 and disclose it by 31 July 2023 (7 months after the year-end).</p>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<p>DC Section - (16) Environmental, Social, Governance (ESG) risks</p> <p><i>Non-financial matters, are not explicitly taken into consideration.</i></p>	<p>The Trustee does not require the Scheme's investment managers to take non-financial matters (for example, member views on ethical and social considerations) into account in their selection, retention and realisation of investments. The Trustee does, however, consider feedback received from members as part of any discussions relating to the range of funds available within the DC Section. Following advice received as part of the latest strategy review, the Trustee decided to add a Shariah fund to the self-select range.</p>
9	The exercise of the rights (including voting rights) attaching to the investments	<p>DC Section - (17) Stewardship: Exercise of voting rights and engagement activities</p> <p><i>The Trustee has given their investment managers full discretion in exercising rights and stewardship obligations relating to the Scheme's investments. The Trustee expects all their fund managers to monitor investee companies and engage with management on all relevant stewardship matters including</i></p>	<p>The Trustee delegates the exercise of voting rights associated with investments to the underlying investment managers, and review this annually at a Trustee meeting.</p> <p>The Trustee may engage with its investment managers as part of its stewardship monitoring process or, potentially, as a particular stewardship matter is brought to its attention. The Trustee has not had, and does not expect, direct engagement with the issuers or other holders of debt or equity.</p> <p>The Trustee is fully supportive of the UK Stewardship Code ("the Code") published by the Financial Reporting Council in January 2020 and expects the Scheme's managers who are registered with the FCA to comply with the Code. The Scheme's investment</p>

		<p><i>performance, strategy, risks, social and environmental impact and corporate governance.</i></p>	<p>managers are required to report on the extent of their adherence to the UK Stewardship Code. All the investment managers have confirmed their adherence.</p> <p>Over the prior 12 months, the Trustee has not actively challenged managers on voting activity. The Trustee has a specified engagement priority, which includes focussing on climate change with the aim to support the transition to a low carbon economy and ESG Risk Management. Other priorities and key themes includes investing in strategies that target long-term ESG themes, investor stewardship (voting & engagement, Diversity, Equity & Inclusion (DEI) and Biodiversity.</p> <p>The voting records of the investment managers, in line with the specified engagement priority, are summarised in the Appendix.</p>
10	<p>How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies.</p>	<p>DC Section - (15) Investment Manager Arrangements</p> <p><i>The Trustee looks to its DC Investment Adviser for their forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the DC Investment Adviser's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Scheme invests in.</i></p> <p><i>As the Trustee invests in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.</i></p>	<p>The investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustee is dissatisfied, they will consider replacing the manager.</p> <p>An investment manager's appointment may also be terminated if the Trustee's strategic investment objectives change or if the investment objective for a particular manager's fund changes.</p> <p>The performance of each of the Scheme's funds were reviewed by the Trustee at each of its quarterly meetings. This included fund performance against their benchmarks over both quarter and longer-term periods.</p> <p>The charges paid to Phoenix for their services were analysed as part of the annual VFM assessment, which was conducted by the Scheme's Investment Consultant. Over the period the Trustee believed that the appointments with its investment managers were consistent with its long-term objectives and no changes were made.</p>
11	<p>How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their</p>	<p>DC Section - (15) Investment Manager Arrangements</p> <p><i>The Trustee reviews the absolute performance and relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a gross of fees basis. The Trustee's focus is on long term performance but will put a manager 'on watch' if there are short term performance concerns.</i></p>	<p>The manager arrangements were formally assessed as part of the triennial investment strategy review, which concluded in 2022. These are also assessed on an ongoing basis when concerns are identified.</p> <p>The Trustee considers the investment consultant's assessment of how each underlying investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.</p>

	performance in the medium to long-term.	<i>Some appointments are actively managed and the managers are incentivised through remuneration and performance targets (an appointment will be reviewed following periods of sustained underperformance). Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager.</i>	On an annual basis, the Trustee reviews the voting and engagement records of the investment managers used in the Scheme.
12	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' policies.	<p>DC Section - (15) Investment Manager Arrangements</p> <p><i>The Trustee's focus is on long term performance but will put a manager 'on watch' if there are short term performance concerns.</i></p> <p><i>Some appointments are actively managed and the managers are incentivised through remuneration and performance targets (an appointment will be reviewed following periods of sustained underperformance). As part of the annual VfM assessment, the Trustee reviews the investment manager fees of the funds held by the Defined Contribution Section.</i></p>	<p>The Trustee monitor performance over 3 month, 1 year and 3 year periods.</p> <p>The Trustee keeps track on the performance of each Fund and investment manager of the Scheme analysing the quarterly monitoring reports at the IC Meetings. A 'Watch List' section allows the Trustee to have an easy reference of the funds that must be monitored and also helps to improve the assertiveness on this topic.</p> <p>A 'What helped and hurt' section has also been included so the Trustee can easily track what funds have impacted the Scheme's performance on a quarterly basis.</p>
13	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p>DC Section - (15) Investment Manager Arrangements</p> <p><i>The Trustee monitors portfolio turnover costs for the Defined Contribution Section on an annual basis as part of its VfM assessment.</i></p>	<p>The Trustee consider the levels of transaction costs as part of their annual VfM assessment, last carried out in June 2023, and by publishing this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement.</p> <p>While the transaction costs provided appear to be reasonably reflective of costs expected of the various asset classes and markets that the Scheme invests in, there is not as yet any industry standard or universe to compare these to. The Trustee will assess these costs on an ongoing basis moving forwards and where appropriate, with help from their advisor, will challenge the level of costs incurred if they are assessed to be too high relative to expectations as this may indicate excessive turnover.</p>
14	The duration of the arrangement with the asset manager	DC Section - (15) Investment Manager Arrangements	As part of the annual VfM assessment, the Trustee reviews the investment manager fees and the performances of the funds held by the Scheme. If the Trustee is not satisfied with an investment manager, it will ask the investment manager to take steps to rectify the situation. If the investment manager still does not meet the Trustee's

		<p><i>The Trustee is a long term investor and are not looking to change the investment arrangements on a frequent basis.</i></p> <p><i>For open-ended funds, the Trustee will retain an investment manager unless:</i></p> <ul style="list-style-type: none"> – <i>There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;</i> – <i>The basis on which the manager was appointed changes materially (e.g. manager fees or investment process); or</i> – <i>The manager appointment has been reviewed and the Trustee is no longer comfortable that the manager can deliver the mandate.</i> 	<p>requirements, the Trustee will remove the investment manager and appoint another following necessary due diligence. The available fund range and Default Investment Option are reviewed on at least a triennial basis. An investment manager’s appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.</p>
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5.2 DB Section

Requirement		Policy	In the year to 31 December 2022
1	Monitoring investments and expected return	<p><i>DB Section - (4) Balance between investments and (5) Expected return on investments</i></p> <p><i>The Scheme’s assets should be adequately diversified. The DB Investment Manager will seek to achieve returns by managing several portfolios which seek to:</i></p> <ul style="list-style-type: none"> – <i>Broadly match the Liability Benchmark</i> – <i>Aim to outperform the respective market-based benchmarks</i> <p><i>Generate broadly predictable cash flows through investment in public and private credit.</i></p>	<p>The Trustee formally reviewed the investment strategy in 2018 and introduced allocations to assets which generate broadly predictable cashflows.</p> <p>The Trustee has reviewed the ongoing appropriateness of the investment policy and return objective on a regular basis through the quarterly reporting provided by the DB Investment Adviser. At the end of September 2021, the Diversified Growth Fund allocation was overweight relative to the target allocation. The Trustee agreed to rebalance back to the target allocation and invest the proceeds in high-quality securitised credit. Also, during Q4 2021, the Trustee undertook an in-depth review of the alternative credit mandates and agreed to replace the allocation to multi-asset credit with allocations to high-quality securitised credit and to introduce a new allocation to senior real estate debt. These changes would be implemented in 2022.</p>

2	Risks, including the ways in which risks are to be measured and managed	<p>DB Section - (6) Risk</p> <p><i>The Trustee has identified several investment risks associated with the investment process and strategy for the DB Section (summarised in section 6 of the SIP) and is responsible for monitoring and managing these risks where possible.</i></p>	<p>As detailed in the risk table in the SIP, the Trustee manages risks by setting an appropriate investment strategy, using suitably qualified and experienced providers, diversification of investments and through regular monitoring.</p> <p>The Trustee maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.</p> <p>The Trustee has monitored the volatility of the investment strategy and the key sources of risk in the quarterly investment reports.</p>
3	Suitability of investment management arrangements	<p>DB Section - (8) Investment management arrangements</p> <p><i>Day to day management of the assets have been delegated to the DB Investment Manager. The Trustee has taken steps to satisfy itself that the DB Investment Manager has the appropriate knowledge and experience for managing the Scheme's Investments and that they are carrying out their work competently.</i></p> <p><i>The Trustee is responsible for assessing the ongoing suitability of the investment manager and seeks to incentive medium to long-term financial and non-financial performance.</i></p>	<p>Before agreeing a new investment mandate, the Trustee will always seek advice from its DB Investment Adviser regarding the suitability of the investment manager and mandate in order to achieve the strategic objectives. There were no new mandates implemented over the year, however, the Trustee agreed to introduce an allocation to Real Estate Debt. As part of the assessment of the strategy, the manager's incorporation of ESG risks was a key consideration.</p> <p>The Trustee undertakes a regular assessment of the performance and capabilities of the investment manager prepared by the DB Investment Adviser. In addition, the alternative credit mandates were reviewed in detail in the third quarter to assess the ongoing suitability of these mandates.</p> <p>The Trustee reaffirmed that it is comfortable with the investment manager's appointment.</p>
4	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's investment objectives.	<p>DB Section - (8) Investment management arrangements</p> <p><i>The Trustee seeks a long-term, ongoing partnership with the DB Investment Manager to incentivise medium to long-term financial performance. The Trustee does not set duration expectations for this partnership but monitors its suitability on an ongoing basis.</i></p> <p><i>The Trustee is responsible for assessing the ongoing suitability of the investment manager and seeks to incentive medium to long-term financial and non-financial performance.</i></p>	<p>In the year to 31 December 2021, the Trustee has discussed their continued appointment of the investment manager and are happy that the contractual arrangement in place continues to incentivise the manager to make decisions based on medium to long term financial and non-financial performance.</p> <p>Performance expectations have been linked to the objectives of each mandate. Where possible, mandates have been structured with a longer-term objective or "buy & maintain" approach to encourage "investing" over "trading" and are assessed as such.</p> <p>Manager remuneration is agreed at the outset of each mandate.</p>

5	<p>How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</p>	<p>DB Section - (8) Investment management arrangements</p> <p><i>The Trustee assesses the DB Investment Manager's performance over various periods including 3-year, 5 year and since inception of the mandate.</i></p> <p><i>It biases its review of ongoing suitability of the investment manager on the assessment of the forward-looking return expectations for each mandate and the level of expected return required to support the overall investment objectives.</i></p> <p><i>To incentivise the medium to long-term non-financial performance of its investments, the Trustee monitor the stewardship and engagement activities of its DB Investment Manager on an annual basis.</i></p> <p><i>The Trustee expects its DB Investment Manager to directly engage with the debt or equity issuers to improve the issuer's performance on a medium to long-term basis. The quality of the DB Investment Manager's approach forms part of the assessment of its ongoing suitability.</i></p> <p><i>The Trustee also requires the DB Investment Manager to conform to the Scheme's Statement of Investment Principles. It formally confirms their compliance annually.</i></p>	<p>The Trustee met with the investment manager on a quarterly basis to assess the manager's performance with a focus on longer term performance, including 1, 3 and 5 years (where possible). The Trustee has not highlighted any concerns.</p> <p>The Trustee has also considered the forward-looking return expectations for each mandate and the impact of performance on the Scheme's strategic investment objective based on reporting from the DB Investment Adviser.</p> <p>The DB Investment Adviser discusses stewardship and engagement activities with the investment manager as part of review calls and includes any noteworthy updates in their quarterly reporting to the Trustee.</p> <p>As part of the quarterly meetings with the investment manager, the Trustee discusses ESG and stewardship matters as part of their ongoing assessment.</p> <p>The investment manager has confirmed that it conformed with the SIP during 2022.</p>
6	<p>Realisation of investments</p>	<p>DB Section - (7) Realisation of Investments</p> <p><i>Investment assets held are sufficiently marketable to enable it to meet its obligations to provide benefits as they fall due, together with a margin for unexpected cash requirements, so that the realisation of assets will not disrupt the Scheme's overall investment policy.</i></p>	<p>The liquidity requirements for the DB Section are modest in the context of the overall assets held. Nevertheless, the majority of the investments are held in daily dealt pooled investment vehicles or in segregated mandates. The majority of the assets held are publicly traded assets. Where investments have been made in less liquid or illiquid assets the Trustee has considered the suitability of this based on advice from the DB Investment Adviser.</p> <p>The Trustee monitors the liquidity requirements associated with the liability hedging mandate on a quarterly basis and seeks to maintain a prudent level of collateral to support this mandate.</p>

7	<p>Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments</p>	<p>DB Section - (16) Environmental, Social, Governance (ESG) risks</p> <p><i>The Trustee has given the investment managers of both the Defined Benefit Section and the Defined Contribution Section full discretion to evaluate ESG issues in the selection, retention, and realisation of investments.</i></p> <p><i>The evaluation of how the Scheme's active managers have identified and managed material ESG risks forms part of the Trustee's ongoing appraisal of the manager's appointment.</i></p> <p><i>The Trustee will also consider the Investment Advisers' assessments of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment managers' policy on voting and engagement. The Trustee will use this assessment in decisions around selection, retention, and realisation of manager appointments.</i></p>	<p>The DB Investment Adviser considers the manager's ESG policies when advising on new investments.</p> <p>The DB Investment Adviser includes any change in ESG policies and any concerns regarding the investment manager's handling of ESG in their quarterly reporting. There were no changes in ESG policies, and no issues highlighted over the year.</p> <p>The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship, and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.</p> <p>The Trustee keeps their policies under regular review with the SIP subject to review at least triennially.</p>
8	<p>The extent (if at all) to which non-financial matters are taken into account in the selection, retention, and realisation of investments</p>	<p>DB Section - (16) Environmental, Social, Governance (ESG) risks</p> <p><i>Non-financial matters, are not explicitly taken into consideration.</i></p>	<p>The Trustee does not require the Scheme's investment manager to take non-financial matters (for example, member views on ethical and social considerations) into account in their selection, retention, and realisation of investments.</p>
9	<p>Stewardship and the exercise of the rights (including voting rights) attaching to the investments</p>	<p>DB Section - (17) Stewardship: Exercise of voting rights and engagement activities</p> <p><i>The Trustee has given their investment managers full discretion in exercising rights and stewardship obligations relating to the Scheme's investments. The Trustee expects all their fund managers to monitor investee companies and engage with management on all relevant stewardship matters including</i></p>	<p>The Trustee delegates the exercise of voting rights associated with investments to the investment manager. The Manager's engagement and voting activity is assessed by the Trustee as part of the process to produce the Scheme's Annual Implementation Statement.</p> <p>The only exposure to listed equities is through the Schroder Diversified Growth fund which largely makes use of passive index investments and derivative exposures. There are no voting rights applicable to equity derivatives.</p> <p>The voting records of the investment manager is summarised in the Appendix.</p>

		<p><i>performance, strategy, risks, social and environmental impact, and corporate governance.</i></p> <p><i>The Trustee is fully supportive of the UK Stewardship Code (“the Code”) published by the Financial Reporting Council and expects the Scheme’s managers who are registered with the FCA to comply with the Code. The Scheme’s investment managers are required to report on the extent of their adherence to the UK Stewardship Code on an annual basis.</i></p>	<p>The Trustee may engage with its investment managers as part of its stewardship monitoring process or, potentially, as a particular stewardship matter is brought to its attention. The Trustee has not had, and does not expect, direct engagement with the issuers or other holders of debt or equity.</p> <p>The investment manager has confirmed its adherence to the UK stewardship code.</p>
10	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p>DB Section - (8) Investment management arrangements</p> <p><i>The Trustee will review turnover and ongoing investment costs on an annual basis using the Industry standard templates and definitions developed by the Cost Transparency Initiative (CTI).</i></p>	<p>Investment manager performance was assessed on a net of fees basis in 2021.</p> <p>The investment manager is asked to complete the transaction cost template provided by the Cost Transparency Initiative (CTI) on an annual basis. The Trustee and the DB Investment Adviser assesses this information and, where appropriate with help from their adviser, the Trustee would challenge the level of costs incurred if they were assessed to be too high relative to expectations, as this may indicate excessive turnover.</p>
11	Managing conflicts	<p>DB Section - (18) Conflicts of interest</p> <p><i>The Trustee acknowledges the conflict of interests in appointing the DB Investment Manager which is a company in the same group as the Principal Employer.</i></p>	<p>The Trustee has sought advice on the appointment of Schroders Investment Management Limited from the DB Investment Adviser and monitors the investment manager’s performance in the same way as it would monitor a manager outside the Schroders group.</p> <p>The Trustee has undertaken regular monitoring and review of the investment manager, with advice from the DB Investment Adviser, which mitigates the risk of conflict to an acceptable level.</p>

APPENDIX A - VOTING ACTIVITY

The investment managers have provided examples of significant votes across the funds containing equity. It is not possible to disclose all the information received in this statement. Voting activity information from each of the underlying Equity and Multi-Asset investment managers in the DC section over the prior 12 months to 31 December 2022 is summarised in the table below. The information provided for the Schroder Life Intermediated Diversified Growth also covers the DB section of the Scheme:

	Fund	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
Default	Schroder Life Sustainable Multi-Factor Equity	4,267	92.8	84.6	15.4	0.3
	Schroder Life Intermediated Diversified Growth	15,081	95.7	89.9	9.5	0.6
Active Equity	Schroder Life QEP Global Blend	4,322	95.2	88.6	11.3	0.0
	Schroder Prime UK Equity Fund	917	100.0	97.3	2.7	0.0
	Baillie Gifford UK Equity Core	1,095	100.0	99.4	0.6	0.1
	Schroder Inst UK Smaller Companies	1,653	99.0	96.5	3.5	0.0
	Schroder European Fund	959	71.5	90.4	9.6	0.0
	Schroder Institutional Pacific Fund	407	100.0	91.2	8.8	0.1
	Schroder Tokyo Fund	857	100.0	93.7	6.3	0.0
	Schroder Global Emerging Markets Fund	1,865	98.6	91.3	8.7	0.0
Passive Equity	LGIM World Developed Equity Index	31,781	99.8	78.7	21.2	0.2
	SSgA MPF Fundamental Index Global Equity	37,843	98.4	90.5	9.5	0.0
	LGIM UK Equity Index	2,691	100.0	95.7	4.3	0.0
	LGIM North America Equity Index	8,416	99.4	65.2	34.8	0.1
	LGIM Europe (ex UK) Equity Index	11,996	99.8	84.7	15.0	0.4
	LGIM Japan Equity Index	6,255	100.0	88.5	11.5	0.0
	LGIM Asia Pacific (ex Japan) Equity Index	3,592	100.0	71.6	28.4	0.0
	LGIM World Emerging Market Equity Index	35,615	100.0	78.9	18.8	2.3
Other	BlackRock DC Diversified Growth	11,842	92.1	94.5	5.5	0.0

* There are a number of reasons why some of the resolutions presented above do not sum to 100% in the majority of cases it is because some managers classify withholding votes separate to abstaining from, some are due to rounding.

Reason for vote being deemed significant for each investment manager

<p>Baillie Gifford</p>	<p>The list below is not exhaustive, but exemplifies potentially significant voting situations for Baillie Gifford:</p> <ul style="list-style-type: none"> – Baillie Gifford’s holding had a material impact on the outcome of the meeting – The resolution received 20% or more opposition and Baillie Gifford opposed – Egregious remuneration – Controversial equity issuance – Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders – Where there has been a significant audit failing – Where Baillie Gifford have opposed mergers and acquisitions – Where Baillie Gifford have opposed the financial statements/annual report – Where Baillie Gifford have opposed the election of directors and executives
<p>BlackRock</p>	<p>BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as BlackRock active participation in market-wide policy debates, help inform these themes. The themes BlackRock have identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies. BlackRock periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that they consider, based on their Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.</p>
<p>State Street Global Advisors</p>	<p>State Street Global Advisors identifies “significant votes” for the purposes of Shareholder Rights Directive II as follows:</p> <ul style="list-style-type: none"> – All votes on environmental related shareholder proposals – All votes on compensation proposals where SSgA voted against the company management’s recommendation – All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score) – All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies – All against votes on the re-election of board members due to a lack of gender diversity on board
<p>Schroders</p>	<p>Voting is one of the key ways in which we can communicate our views and positively influence how a company is run. Schroders will always use our voting powers to vote in the best interest of our clients, even if it means voting against management. We vote on a variety of resolutions many of which are corporate governance-related, such as the approval of directors and accepting reports and accounts. Schroders are pleased to see an increasing number of resolutions focused on ESG issues, including both shareholder and management resolutions. In line with best practice Schroders have adopted a “support or explain” approach to ESG resolutions, aiming to vote in favour of these resolutions where they align with our sustainability ambitions. Schroders believe it is important for them to be transparent about their voting practices and clear that all environmental and social resolutions are analysed in detail before they reach a decision. As part of their engagement escalation framework, they may also use votes against management to signal a lack of progress.</p>
<p>LGIM</p>	<p>As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help its clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote</p>

	<p>activity is critical for their clients and interested parties. For many years, LGIM has regularly produced case studies and/or summaries of LGIM’s vote positions to clients for what they deemed were ‘material votes’. LGIM are evolving our approach in line with the new regulation and are committed to provide their clients access to ‘significant vote’ information. In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:</p> <ul style="list-style-type: none"> – High profile vote which has such a degree of controversy that there is high client and/or public scrutiny – Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote – Sanction vote as a result of a direct or collaborative engagement – Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes <p>LGIM provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.</p>
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Source: Managers

Significant Votes

A “Significant Vote” is defined as one that is linked to the Scheme’s stewardship priorities/themes. A vote could also be significant for other reasons, e.g. due to the size of holding. Trustee’s are to include details on why a vote is considered significant and rationale for voting decision. The Trustee has a specified engagement priority, which includes focussing on climate change with the aim to support the transition to a low carbon economy and ESG Risk Management. Other priorities and key themes includes investing in strategies that target long-term ESG themes, investor stewardship (voting & engagement, Diversity, Equity & Inclusion (DEI) and Biodiversity. The votes included below are those that the Trustee believe to be significant based on our key stewardship priorities/themes.

Manager	Fund	Date of Vote	Company	Summary of the Resolution	How you voted	Rationale for the voting decision	Significant Vote Theme	Why Vote is Significant
Baillie Gifford	Baillie Gifford UK Equity Core	04 May 2022	Standard Chartered	Remuneration Policy	Against	We opposed the resolution to approve the remuneration policy because we have concerns with how the company is choosing to calculate pension contribution and variable incentives.	Significant Holding	The holding in Standard Chartered makes up a significant part of the overall fund.
State Street Global Advisors	SSgA MPF Fundamental Index Global Equity	31 May 2022	Standard Bank Group Ltd.	GHG Emissions	For	This proposal merits support as the company's disclosure and/or practices related to GHG emissions can be improved.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote

BlackRock	BlackRock DC Diversified Growth	18 May 2022	Anthem, Inc.	Oversee and Report a Racial Equity Audit	For	BlackRock believe it is in the best interests of shareholders to have access to greater disclosure on this issue.	Diversity, Equity and Inclusion	The Trustee has deemed votes on diversity, equity and inclusion to be a significant vote
	BlackRock DC Diversified Growth	19 May 2022	The Home Depot, Inc.	Report on Efforts to Eliminate Deforestation in Supply Chain	For	The company does not meet our expectations for disclosure of natural capital policies and/or risk.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote
Schroders	Schroder European Fund	29 April 2022	Credit Suisse Group AG	Amend Articles Re: Climate Change Strategy and Disclosures	For	The company is asked to amend its articles of association relevant to its climate change strategy and disclosures. This involves including a new article to improve the company's reporting on climate risks to ensure all financing is aligned with the 1.5 temperature goal and submit additional disclosures on the company's plans to reduce its exposure to fossil fuels across project finance, underwriting, lending capital markets and investments. Additional disclosure and reporting on climate related risks on financing and reduced fossil fuel exposure would be beneficial for Schroders. Therefore we support this resolution.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote
	Schroder Life Sustainable Multi-Factor Equity	8 April 2022	Rio Tinto Plc	Re-elect Sam Laidlaw as Director	Against	Concerns about culture, diversity and inclusion and climate progress	Diversity, Equity and Inclusion	The Trustee has deemed votes on diversity, equity and inclusion to be a significant vote

	Schroder Life Intermediated Diversified Growth	10 May 2022	3M Company	Report on Environmental Costs and Impact on Diversified Shareholders	For	The company has been requested to set and publish quantitative net zero emissions reductions targets that are aligned with the 1.5 degrees temperature goal. We are keen to see the company develop its short, medium and long term targets relating to emissions reductions including scope 3, and are concerned about the risks associated with delayed action on climate change. We therefore support the resolution.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote
	Schroder Inst UK Smaller Companies	25 October 2022	K3 Capital Group Plc	Re-elect Martin Robinson as Director	Against	On balance prepared to vote for nomination committee chair as company is AIM listed and has one female director	Diversity, Equity and Inclusion	The Trustee has deemed votes on diversity, equity and inclusion to be a significant vote
	Schroder Tokyo Fund	29 June 2022	Sumitomo Mitsui Financial Group, Inc.	Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	For	We believe our vote for this item will maximise the value to our clients. The company is asked to disclose GHG emissions reductions targets that are consistent with the Paris Agreement climate goals. We are keen to see the company set and publish short, medium and long term targets covering scope 1, 2 and relevant scope 3 emissions across the whole business as we are concerned about the risks associated with delayed action on climate change. We therefore support the resolution.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote
	Schroder Global Emerging Markets	29 April 2022	Vale SA	Accept Financial Statements and Statutory Reports for Fiscal Year Ended Dec. 31, 2021	Against	Concerns about insufficient action on climate change	Climate Change	The Trustee has deemed votes on climate change to be a significant vote

	Schroder Prime UK Equity Fund	04 May 2022	Ocado Group Plc	Re-elect Andrew Harrison as Director	Against	Lack of gender diversity on the board.	Diversity, Equity and Inclusion	The Trustee has deemed votes on diversity, equity and inclusion to be a significant vote
	Schroder Life QEP Global Blend	5 May 2022	Constellation Software Inc.	Report on Racial Diversity in the Workplace	For	Proposal will help efforts to improve the company's racial diversity	Diversity, Equity and Inclusion	The Trustee has deemed votes on diversity, equity and inclusion to be a significant vote
	Schroder Institutional Pacific Fund	14 December 2022	Westpac Banking Corp.	Approve Climate Risk Safeguarding	For	In principle, more disclosure on the company's climate change policies is desirable.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote
LGIM	LGIM World Developed Equity Index	25 May 2022	Exxon Mobil Corporation	Set GHG Emissions Reduction targets Consistent With Paris Agreement Goal	For	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.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote

	LGIM World Developed Equity Index	2 June 2022	NVIDIA Corporation	Elect Director Harvey C. Jones	Against	A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023.	Diversity	The Trustee has deemed votes on climate change to be a significant vote
	LGIM UK Equity Index	12 May 2022	BP Plc	Approve Net Zero – From Ambition to Action Report	For	Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonisation 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 our 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, we 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.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote
	LGIM North America Equity Index	4 March 2022	Apple Inc.	Report on Civil Rights Audit	For	A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.	Diversity and Inclusion	The Trustee deems Diversity, Equity and Inclusion to be significant

	LGIM Asia Pacific (ex Japan) Equity Index	5 May 2022	QBE Insurance Group Limited	Approve Climate Risk Management	For	A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote
	LGIM Europe (ex UK) Equity Index	29 April 2022	Credit Suisse Group AG	Amend Articles Re: Climate Change Strategy Disclosures	For	A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote
	LGIM Japan Equity Index	24 June 2022	Mitsubishi Corp.	Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement	For	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Climate Change	The Trustee has deemed votes on climate change to be a significant vote