

Implementation Statement for the year to 31 March 2023

The Singleton Birch Limited Retirement Benefits Scheme (the “Scheme”)

1. Introduction

The Trustees of the Scheme (the “Trustees”) are required to make publicly available online a statement (the “Implementation Statement”) covering the extent to which the Trustees have followed the Scheme’s Statement of Investment Principles (the “SIP”). This statement describes the Trustees’ voting and engagement policies along with a summary of voting and engagement behaviour related to the Scheme’s investments over the 12 month period to 31 March 2023.

2. Stewardship, voting and engagement policies

The Trustees have instructed the Scheme’s fiduciary manager to exercise their voting and other rights as shareholders in a manner the fiduciary manager believes to be consistent with best practice in relation to Corporate Governance and in accordance with the Institutional Shareholders’ Committee’s (“ISC”) Statement of Principles on the Responsibilities of Institutional Shareholders and Agents.

During the Scheme year, the Trustees received training on their fiduciary manager’s stewardship priorities. These priorities define the themes that the fiduciary manager believes are financially material and upon which it engages with investee companies to bring about changes in management behaviour.

The Trustees have six engagement themes and encourage their fiduciary manager to vote and engage on all of them: Climate; Corporate Governance; Human Capital Management; Human Rights; Inclusion and Diversity, and; Natural Capital and Biodiversity. The Trustees believe that these themes are material to the long-term value of the investments, and that companies which address these issues meaningfully will drive improved financial performance for the Scheme and ultimately benefit the Scheme’s members.

The Trustees therefore require their fiduciary manager in its stewardship of the Scheme’s assets to pay appropriate regard to these six engagement themes, alongside the investee companies’ performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social, ethical and environmental impact and corporate governance when considering the purchase, retention or sale of investments.

The Trustees oversee their fiduciary manager’s voting and engagement activities to ensure compliance with this requirement. Reporting on the fiduciary manager’s voting and engagement activities and how these activities have had a bearing on the purchase, retention and sale of investments is included in the quarterly investment monitoring reports.

3. Summary of voting and engagement behaviour

The Trustees invest in pooled funds via their fiduciary manager. By the nature of these vehicles, the Trustees oversee the fiduciary manager's voting and engagement activities and policies, rather than directing how individual votes are exercised. The Trustees deem holdings in equities to be relevant in terms of voting behaviours and holdings in equities and corporate debt to be relevant in terms of engagement activities with investee companies.

The Trustees have considered the voting and engagement activity that took place on their behalf during the Scheme year – as described in this section. The Trustees are satisfied that their fiduciary manager has demonstrated high levels of voting and engagement in line with its stewardship policy. In particular, the Trustees noted the following:

- The fiduciary manager demonstrated very high levels of voting rights being exercised on their behalf;
- Challenge to investee company management was demonstrated through the proportion of votes against management led resolutions;
- The fiduciary manager carried out a high level of engagement activities with the management of investee companies across their six engagement themes, including progress on some issues.

The table below summarises the fiduciary manager's voting behaviour over the period. The fiduciary manager's voting policies are described in section 4.

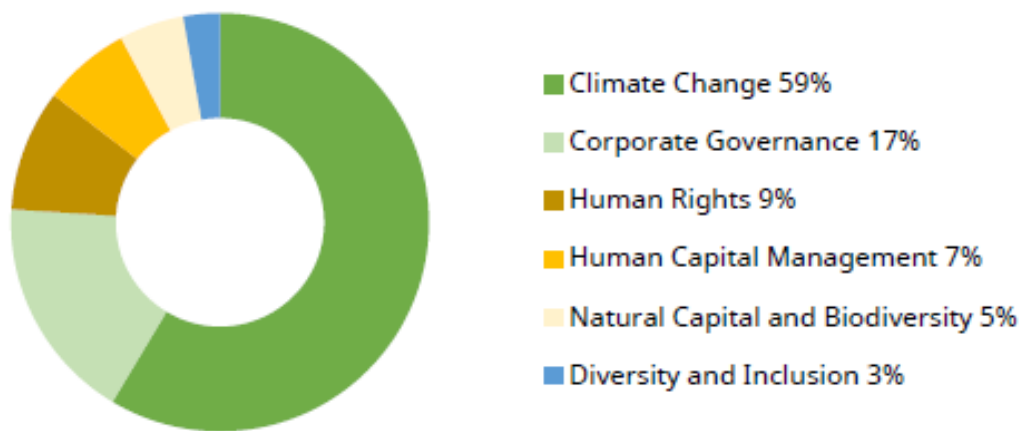
		% of resolutions	
Number of meetings eligible to vote at	1,270 meetings		
Number of resolutions eligible to vote on	15,662 resolutions		
% of resolutions voted on which we are eligible	95.3%	Voted with management	89.9%
% of meetings, in which we voted, that we voted at least one vote against management	52.6%	Voted against management	9.5%
Number of equity holdings as of period end	1059	Abstained from voting	0.6%

Source: Schroders as at 31 March 2023 for the Diversified Growth Fund.

The fiduciary manager’s engagement activities with investee companies include correspondence in writing and by email, phone calls, meetings with company management, collaboration with other investors, participation at events and discussions with other advisers and stakeholders. The table and chart below summarise the number of engagements that have been undertaken in relation to the Scheme’s investments over the period, with a case study and examples described on the following pages.

Engagement summary	
Engagements	893
Topics	1,534
Environmental	64%
Social	19%
Governance	17%

Discussion topics split by theme*



Source: Source: Schroders as at 31 March 2023 for the Diversified Growth Fund. *Discussion topics are split by theme as set out in the [Schroder Engagement Blueprint](#); over this period topics include 195 environmental, 55 social and 40 governance.

Case Study – Addressing The Cost Of Living Crisis

To better understand the challenges facing businesses and the choices they face, the Scheme’s fiduciary manager recently engaged with leading organisations in the field. Through those engagements and the weight of academic research, it was clear that investing in workers’ wages can bring material business benefits. Lower staff turnover and more productive workers both make for more profitable and durable businesses. Companies must be sensitive to the competitive pressures of their industries, and blanket demands or approaches can be counter-productive if they result in reductions in workforce or increased costs of products, for example. But the Scheme’s fiduciary manager considered the long run benefits an important goal all companies should work towards.

The Scheme’s fiduciary manager engages with portfolio companies to encourage fair wages, with two of recent engagements outlined below.

PUSHING SUPERMARKETS TO TAKE ACTION:

Companies targeted: From September 2022, the Scheme’s fiduciary manager has been engaging with our key UK and European supermarkets holdings around the cost of living crisis.

Expectations set: Core expectations were set around using a fair, socially responsible approach to balancing their employees, customers, and suppliers. The focus differed depending upon current company practices.

Insights so far:

- Most companies are acutely aware of the cost of living crisis and trying to do well by stakeholders (including shareholders)
- There are considerable complexities and gaps that remain around contractors, however there is a general openness to improving disclosure

TAKING ACTION ON SICK PAY AND PAID LEAVE IN THE US:

Companies targeted: In October 2022, the Scheme’s fiduciary manager reached out to a number of US companies in the retail and services sectors, selected for the engagement based on Shift’s wage tracker of the largest service sector employers and the top US companies hiring for retail and food services jobs on Glassdoor.

Expectations set: The Scheme’s fiduciary manager set two expectations for the companies: 1. Minimum days of paid sick leave per year: Establish a minimum number of paid sick leave policy available to all employees; 2. Paid parental, long-term illness and care leave policy; Go beyond the minimum requirements set out under the Family and Medical Leave Act (FMLA), and offer full or partial pay for this period.

Key insights:

- Most companies have to adjust their policies based on local and state regulations, which adds administrative complexity and divergent policies.

Engagement progress 12 months on

Below are some examples of engagements that began in 2021 and progressed during the Scheme year, where the Scheme's fiduciary manager encouraged changes within the companies held in the fund. The following table captures detail on the progress of specific requests for change made 12 months ago. The Scheme's fiduciary manager is expected to review these engagements periodically and escalate where necessary.

Company	Suggestion for change	Result
Financials		
Unite	Asked that the non-financial element of the short term award to be limited to 30% rather than 40%.	Achieved In the final remuneration proposal, non-financial elements were limited to 30% rather than 40% as we had asked.
	We asked for the sustainability element to the long-term incentive plan (LTIP) to be taken as a small section from each of the current financial metrics, rather than as a large portion of the weighting of Total Shareholder Return (TSR).	Achieved In the final remuneration proposal, all financial elements had been reduced equally so that it was not such a large portion of TSR. This meant that the TSR component remained as 28% of the LTIP, rather than the proposed 15%.
Healthcare		
Alcon	Urged Alcon not to de-prioritise environmental performance, and we expect to see scope 1 and 2 targets in the next Corporate Social Responsibility (CSR) report.	Almost The company has made a commitment to be carbon neutral by 2030 and have made scope 1 and 2 commitments but are not yet in a position to include scope 3 and don't have a time frame for this.

Source: Schroders. The companies and sectors mentioned herein are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

4. The fiduciary manager's voting policies

As part of their oversight of the Scheme's assets, the Trustees asked the fiduciary manager to address the following questions regarding its voting policies.

Voting policy questions	Fiduciary manager's response
What is your 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 provide an overview of your process for deciding how to vote.	We evaluate voting issues arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. We utilise company engagement, internal research, investor views and governance expertise to confirm our intention. Further information can be found in our Environmental, Social and Governance Policy for Listed Assets policy .
How, if at all, have you made use of proxy voting services?	<p>We receive research from both Institutional Shareholder Services and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into our voting decisions. In addition to relying on our policies we will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.</p> <p>It is important to stress that our own research is also integral to our final voting decision; this will be conducted by both our financial and ESG analysts. For contentious issues, our 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.</p> <p>We continue to review our voting practices and policies during our ongoing dialogue with our portfolio managers. This has led us to raise the bar on what we consider 'good governance practice.'</p>
What process did you follow for determining the "most significant" votes?	<p>We consider "most significant" votes as those against company management.</p> <p>We are not afraid to oppose management if we believe that doing so is in the best interests of shareholders and our clients. For example, if we believe a proposal diminishes shareholder rights or if remuneration incentives are not aligned with the company's long term performance and creation of shareholder value. Such votes against will typically follow an engagement and we will inform the company of our intention to vote against before the meeting, along with our rationale. Where there have been ongoing and significant areas of concerns with a company's performance we may chose to vote against individuals on the board.</p> <p>However, as active fund managers we usually look to support the management of the companies that we invest in. Where we do not do this we classify the vote as significant and will disclose the reason behind this to the company and the public.</p>

<p>Did any of your “most significant” votes breach the client’s voting policy (where relevant)?</p>	<p>It is our policy to disclose our voting activity publicly. On a monthly basis, we produce our voting report which details how votes were cast, including votes against management and abstentions. While we implement an ESG policy, voting is comply or explain and we do not have a tick box approach, we rely on analysis and engagement to determine our vote intention. The reports are publicly available on our website:</p> <p>https://www.schroders.com/en/sustainability/active-ownership/voting/</p>
<p>If ‘Y’ to the above. Please explain where this happened and the rationale for the action taken.</p>	<p>Not Applicable</p>
<p>Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?</p> <p>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 they also have an equity or bond holding;</p> <p>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;</p> <p>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;</p> <p>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</p>	<p>Schroders accepts that conflicts of interest arise in the normal course of business. We 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.</p> <p>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.</p> <p>Where Schroders itself has a conflict of interest with the fund, the client, or the company being voted on, we will follow the voting recommendations of a third party (which will be the supplier of our proxy voting processing and research service). Examples of conflicts of interest include (but are not limited to):</p> <ul style="list-style-type: none"> ▪ 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. <p>Separation of processes and management between Schroder Investment Management and our 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.</p> <p>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, we will vote as we 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’</p>

<p>target and another set is exposed to the acquirer;</p> <p>5) There are differences between the stewardship policies of managers and their clients.</p>	<p>interests, we will obtain approval and record the rationale in the same way as described above.</p> <p>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.</p> <p>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.</p>
<p>Please include here any additional comments which you believe are relevant to your voting activities or processes</p>	<p>Schroders fully supports the UK Stewardship Code and complies with all its principles. Although the Code is focused on the UK, it sets a standard for stewardship and engagement for non-UK equity investments and we seek to apply the same principles globally, taking into account local practice and law. Further information on our Environmental, Social and Governance Policy can be found at the below address:</p> <p>https://www.schroders.com/en/sustainability/active-ownership/</p>

Source: Schroders

Dated August 2023

Signed for and on behalf of the Trustees of the Singleton Birch Limited Retirement Benefits Scheme:

..... Name (Print)

..... Signature

..... Date

..... Name (Print)

..... Signature

..... Date