

# The Jarrold & Sons Limited Pension Plan

## Implementation Statement as at 31<sup>st</sup> January 2022

The Trustees of the Jarrold & Sons Limited Pension Plan (“the Scheme”) have prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme’s Statement of Investment Principles (“SoIP”), dated September 2020. This statement covers the period 1<sup>st</sup> February 2021 to 31<sup>st</sup> January 2022.

### A. Voting and Engagement Policy

No changes were made to the voting and engagement policies in the SoIP during the year. The last time these policies were formally reviewed was July 2019.

The policy as set out in the SoIP in respect of voting, stewardship and engagement is in summary as follows:

- i) Voting decisions on stocks are delegated to Schroders (“the investment manager”) which manages the pooled funds held by the Scheme.
- ii) The investment manager has full discretion for undertaking engagement activities in respect of the investments.
- iii) The investment manager will report on voting and engagement activity to the Trustees on a periodic basis together with their adherence to the UK Stewardship Code. The Trustees will consider whether the approach taken was appropriate or whether an alternative approach is necessary.

The investment manager is expected to undertake good stewardship and positive engagement in relation to the Scheme’s investments. The Trustees consider that the long-term financial risks to the Scheme and Environmental, Social and Governance (“ESG”) factors, including climate risk, are potentially material.

The Trustees have implemented this policy as described and in particular:

- Have received reports from the investment manager regarding voting and engagement.
- In light of such reports and otherwise, considered their policy in regard to voting and stewardship and concluded that the current policy is appropriate.

### B. Voting Record

All underlying securities in pooled funds that have voting rights are managed by the investment manager with the investment manager having the legal right to the underlying votes.

The investment manager’s response to the Trustees’ enquiries about its voting policies during the year ended 31<sup>st</sup> January 2022 was:

Voting policies	Response
What is your policy on consulting with clients before voting?	The corporate governance analysts input votes based on their proprietary research in line with Schroders’ house voting policy and do not take voting instruction from our clients. We report transparently on our voting decisions with rationales on our website.
Please provide an overview of your process for deciding how to vote.	As active owners, we recognise our responsibility to make considered use of voting rights. We therefore vote on all

resolutions at all AGMs/EGMs globally unless we are restricted from doing so (e.g. as a result of share blocking).

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

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

We evaluate voting resolutions 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. Our Corporate Governance specialists assess each proposal, applying our voting policy and guidelines (as outlined in our Environmental, Social and Governance Policy) to each agenda item. In applying the policy, we consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

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

In 2020, we voted on approximately 99% of total resolutions, and instructed a vote against management at 36% of meetings. In total, we voted on 6,518 meetings.

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

ISS automatically votes all our holdings of which we own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in our voting

	decisions as well as creating a more formalised approach to our voting process."
How, if at all, have you made use of proxy voting services?	Institutional Shareholder Services (ISS) act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through their Internet-based platform Proxy Exchange. Schroders receives ISS's research on resolutions. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For our smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy for us, with only a few resolutions referred to Schroders for a final decision.
What process did you follow for determining the "most significant" votes?	We believe that all votes against management should be classified as a significant vote. However, we believe resolutions related to certain topics carry particular significance. We therefore rank the significance of our votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of our holding.
Did any of your "most significant" votes breach the client's voting policy (where relevant)?	No.
If 'Y' to the above. Please explain where this happened and the rationale for the action taken.	Not Applicable
Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings? 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; 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;	<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.</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"> <li>○ Where the company being voted on is a client of Schroders,</li> </ul>

5) There are differences between the stewardship policies of managers and their clients.

- 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 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.

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' interests, we will obtain approval and record the rationale in the same way as described above.

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

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

Please include here any additional comments which you believe are relevant to your voting activities or processes

Often, we vote against management to escalate a failed engagement. This means that our intention will have already been communicated with management. However, in some cases, depending on materiality and size of holding, we do not communicate the vote against management prior to voting. We send an email to each company after voting against a resolution to tell them how we voted and the rationale behind our decision.

A significant vote is defined as a vote against management which signals we are not comfortable with the company's management actions/intentions. This is usually used as an escalation method to an engagement that is not progressing, or otherwise may kickstart start an engagement period with the

company concerned. After every vote against management, we email the company's IR to tell them how we voted and our rationale for this.

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

Voting statistics (applicable to the Scheme's reporting period)

How many meetings were you eligible to vote at?	126
How many meetings did you vote at?	121 (96.3%)
How many resolutions were you eligible to vote on?	1,728
What % of resolutions did you vote on for which you were eligible?	94%
Of the resolutions on which you voted, what % did you vote with management?	94%
Of the resolutions on which you voted, what % did you vote against management?	5%
Of the resolutions on which you voted, what % did you abstain from voting?	1%
In what % of meetings for which you did vote, did you vote at least once against management?	6%

**C. Significant Votes**

Highlights of some of the significant votes during the period are shown in the table below. Whilst many votes may have significant impact on the financial or non-financial performance of a company, the ones below have been drawn out as they are part of wider engagement that the investment manager has been conducting with the particular company and hence reflect the achievement of an engagement milestone.

The following summary is restricted to the Scheme's investments in the Diversified Growth Fund. The Scheme also invests in various Liability Matching Funds and in the Sterling Liquidity Plus Fund, none of which confer voting rights. It should also be noted that the Diversified Growth Fund has significant holdings in bonds and in other Schroders' funds. The number of direct equity holdings is therefore limited. Occasions when the investment manager voted against management included:

Company	Country	Date	Proposal	Rationale
Lundin Energy AB	Sweden	30/03/21	16.B & 16.F	Overboarding concerns
XP Power Ltd	Singapore	20/04/21	11	Excessive increases in salary and incentives
Keppel DC REIT	Singapore	21/04/21	5	Excessive dilution
Domino's Pizza Group plc	UK	23/04/21	9	As head of remuneration committee, voted against due to poor pay practices

British American Tobacco plc	UK	28/04/21	2 & 5	Continued increases in fixed pay and remuneration failures
Telesites DAB de CV	Mexico	29/04/21	3 & 5	Lack of disclosure
Unilever plc	UK	05/05/21	2 & 3	Targets on pay dependent on discretion rather than performance
Hennes & Mauritz AB	Sweden	06/05/21	11.6	Non independent chair of audit committee
Beijing Sinnet Technology Co. Ltd	China	12/05/21	8.2 – 8.7	Lack of information
China Tower Corp Ltd	China	12/05/21	7	Excessive dilution without pre-emptive rights
CLP Holding Ltd	Hong Kong	14/05/21	2E & 2F	Nominee sits on a number of external boards
Orange SA	France	18/05/21	20,22,24,25,27 & 29	Could be used for takeover purposes
Xenia Hotels & Resorts plc	USA	18/05/21	1E	The nominee is chair of the remuneration committee
Store Capital Corp	USA	27/05/21	1.8	The nominee is chair of the remuneration committee
Cheesecake Factory Inc	USA	27/05/21	1C	Excessive tenure
PT Sarana Menara	Indonesia	02/06/21	2	Lack of information
American Eagle Outfitters	USA	03/06/21	2	Excessive auditor tenure

#### D. Conclusion

The Trustees have followed the Scheme's voting and engagement policies during the year by continuing to delegate to the investment manager the exercise of rights and engagements activities in relation to the Scheme's investments.

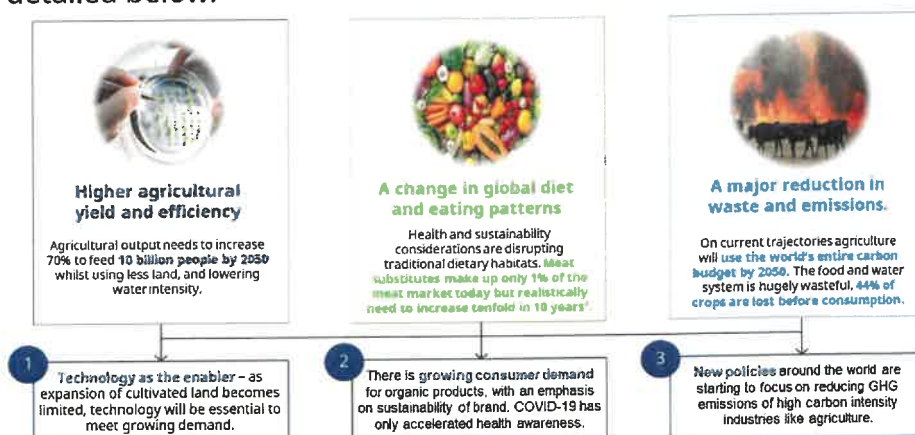
## Implementation Focus

### Schroder ISF Global Sustainable Food and Water

Continuing with our stance in allocating to themes that are shaping the world's future, we opened a position in Schroder ISF Global Sustainable Food and Water at the beginning of the fourth quarter. This strategy invests in the transition to a more sustainable and healthier food system, identifying opportunities in multiple investable markets, from farm to fork, including sustainable agriculture, healthy eating and recyclable packaging. This is a high conviction approach using both proprietary screening tools and fundamental analysis to select between 35 to 60 global sustainable companies that are actively driving and directly contributing to the transition to a more sustainable food and water system. Finally, a key part of the approach is proactively engaging with companies on areas of concern – this can include issues ranging from biodiversity loss to corporate governance matters.

**What is the problem this strategy is helping to solve?** The food and water system is currently unsustainable and needs to change, increasing output by 70% whilst decreasing emissions by two thirds.

**How is the system going to change?** We see three necessary structural changes to the food and water system, these are: A dramatic increase in yield and resource efficiency, a change in global diets and how we consume food and water, and a major decarbonisation of agriculture, with targeted waste reduction, as detailed below.



Source: Schroders, WRI, FAO – July 2021.

**Why is now a good time to invest in this space?** Agricultural commodities are at 30 year lows, and are not reflecting the full costs associated with their production. Regulation and consumer awareness of sustainability will drive price higher, and incentivise the necessary \$9.2 trillion that needs to be spent on this area by 2050. This will feed through to share price performance, off depressed valuations for growth areas.

# Active Approach to Sustainability

## Sustainability budget

The 'Sustainability budget' measures the amount of capital managed across the sustainability spectrum. Holdings are classified into three categories:

**Strategies which have investment processes that integrates ESG factors.** The strategy does not have a sustainability objective

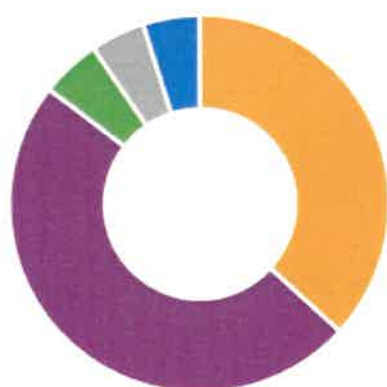
**Sustainable strategies** aim to achieve their investment objective alongside delivering a better impact on society compared to a relevant benchmark

**Impact goals strategies** have a dual aim of delivering risk-adjusted returns whilst seeking to contribute positively to the solutions needed to solve societal and environmental challenges

The table below provides a breakdown of the strategies held by the Fund.

Funds		Sustainability Spectrum
Lyxor Tiedemann Arbitrage Strategy	Schroder ISF Cross-Asset Momentum	The investment process integrates ESG factors. The fund does not have a sustainability objective.
Schroder AS Commodity Fund	Schroder ISF Emerging Markets Equity Alpha	
Schroder British Opportunities Trust Plc	Schroder QEP Global Value Portfolio	
Schroder Institutional UK Small Companies Fund	Schroder UK Infrastructure Debt Fund	
Schroder Insurance-Linked Securities Portfolio	Schroder UK Mid 250 Fund	
Schroder ISF China A	Schroder UK Multi-Cap Income Fund	
Schroder ISF China A All Cap	Schroder UK Real Estate Fund	
Schroder Adveq Multi-Private Credit Fund		
Schroder All Maturities Corporate Bond	Schroder ISF Global Corporate Bond	Sustainable
Schroder Global Equity Portfolio	Schroder ISF Global Disruption	
Schroder High Yield Portfolio	Schroder ISF Global Sustainable Convertible Bond	
Schroder ISF Emerging Market Debt Absolute Return	Schroder ISF Securitised Credit	
Schroder ISF European Large Cap	Schroder ISF Emerging Markets Local Currency Bond	
Schroder ISF Digital Infrastructure	Schroder ISF BlueOrchard Emerging Markets Climate Bond	Impact goals
Schroder Global Energy Transition Equities Fund	Schroder ISF Global Sustainable Food and Water	
Schroder GAIA Two Sigma Diversified	Brevan Howard Absolute Return Government Bond Fund	Not integrated

## Portfolio Exposure (%)



- Investment process integrates ESG factors 36.9%
- Sustainable 48.6%
- Impact goals 5.1%
- Not integrated 4.8%
- Passive 4.6%

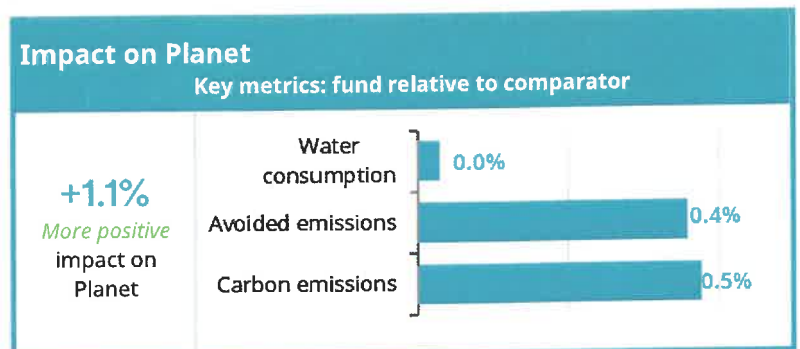
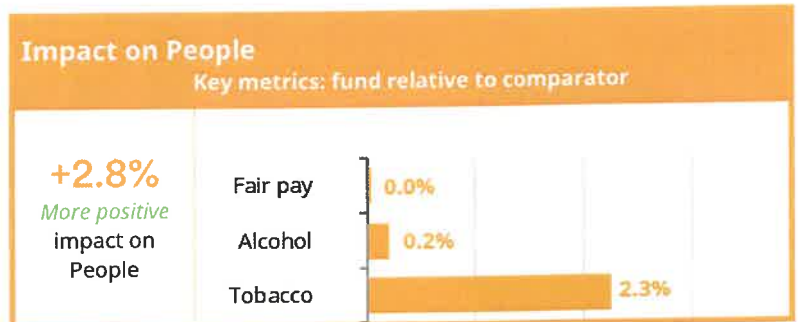
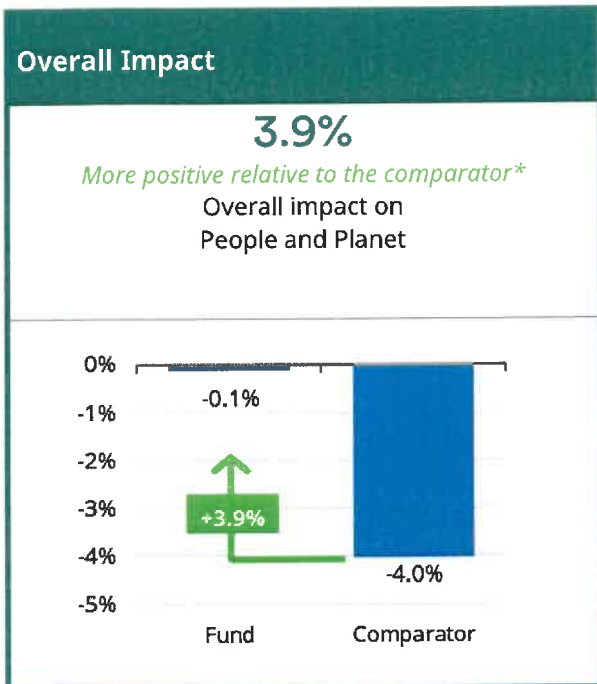
Source: Schroders as of 31 December 2021 for the Schroder Life Diversified Growth Fund.



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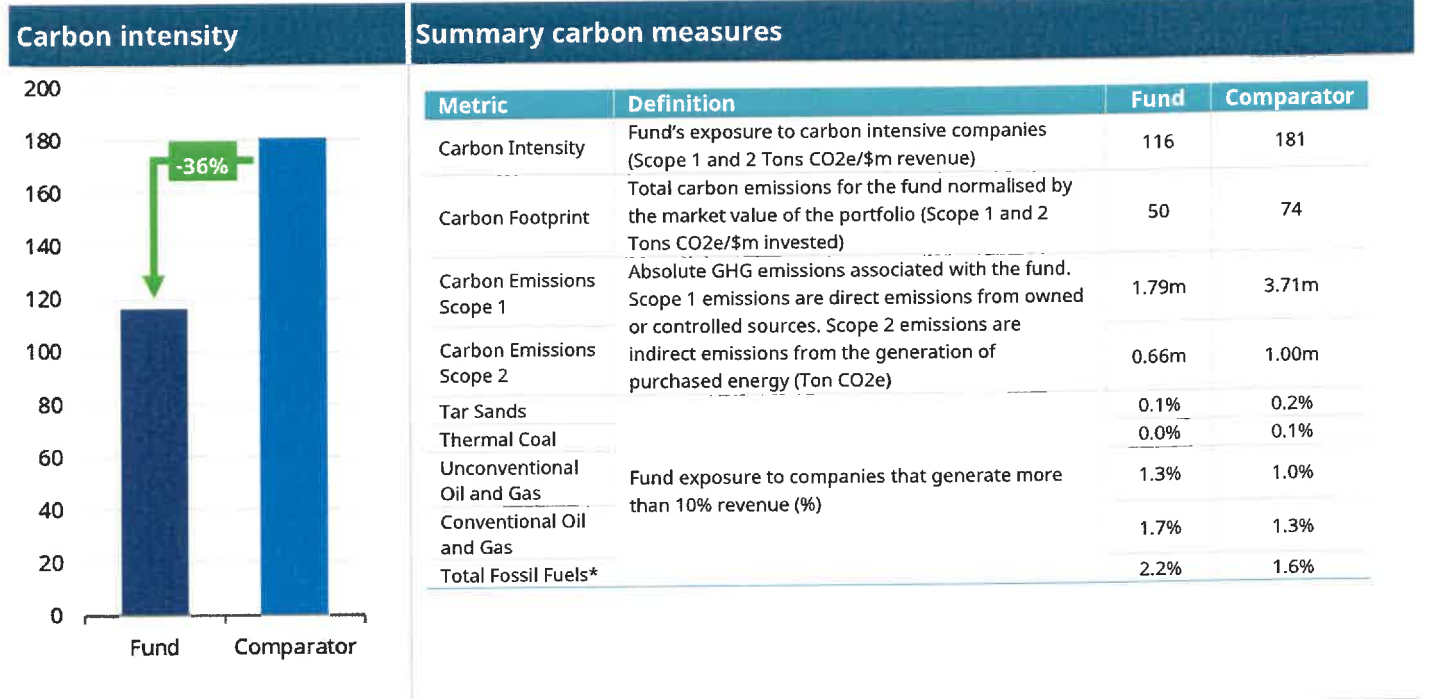
## Sustainability metrics

The Schroders Impact score is based on Schroders' proprietary tool SustainEx™. SustainEx™ provides an estimate of the potential societal or environmental impact that may be created by companies and sovereigns in which the fund is invested. The result is expressed as a notional percentage (positive or negative) of sales. A relative SustainEx score of +3.9% means the portfolio adds \$3.9 of benefit to society for every \$100 of sales relative to the bespoke asset weighted blend comparator.



Source: Schroders, as at 31 December 2021. Analysis based on corporate equity, corporate debt and government bonds. Analysis excludes the impact of cash, derivatives and assets which have no coverage. Fund coverage is 65% and comparator coverage is 97%. The bespoke comparator used is an asset-weighted blend of indices that will evolve over time in line with the actual asset allocation of the fund.

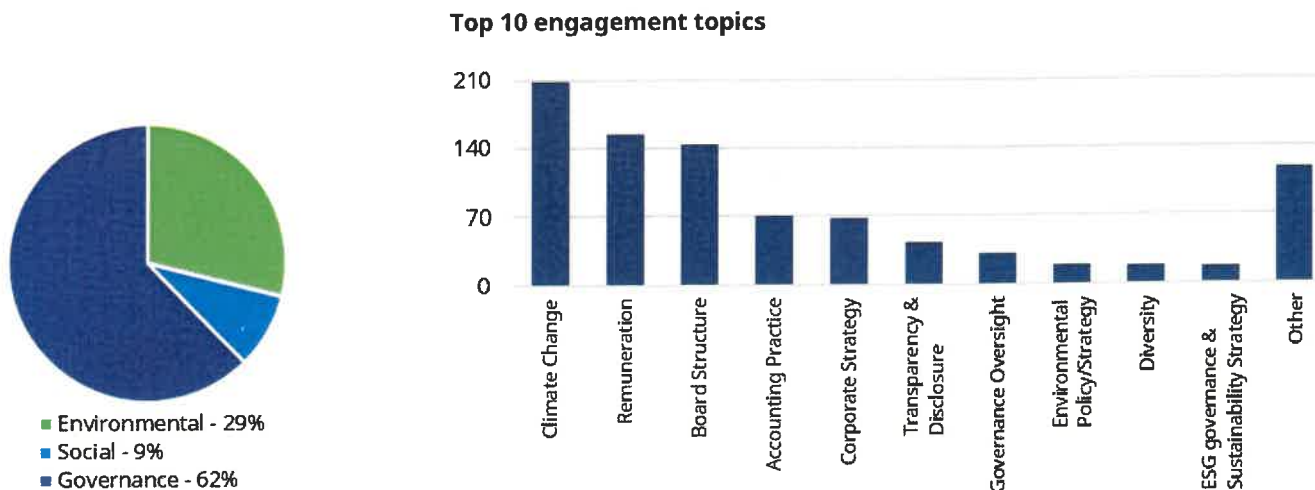
## Climate Dashboard



Source: Schroders, MSCI, as of 31 December 2021. Metrics based on corporate equity and debt and excludes the impact of cash, derivatives and assets which have no coverage (government bonds and alternatives). Fund coverage 68% and comparator coverage is 96%. The bespoke comparator used is an asset-weighted blend of indices that will evolve over time in line with the actual asset allocation of the fund. \*Total fossil fuels includes Thermal Coal, Unconventional Oil and Gas and Conventional Oil and Gas exposure.

## Engagement and Voting Statistics

Schroders actively engaged 670 times with companies held by the Fund. This was across 892 topics over the 12 months to 31 December 2021. Please see detailed breakdown below.



### Voting breakdown over the last 12 months to 31 December 2021

Number of meetings eligible to vote at	2,023 meetings	<b>% of resolutions</b>	
Number of resolutions eligible to vote on	23,597 resolutions	Voted with management	91.0%
% of resolutions voted on which we are eligible	94.5%	Voted against management	8.4%
% of meetings, in which we voted, that we voted at least once against management	44.9%	Abstained from voting	0.6%
Number of equity holdings as of period end	1,461		

Source: Schroders as at 31 December 2021 for the Fund.

## Active ownership

### Engagement progress 12 months on

Below are some examples of progress on engagements from Q4 2020 where we encouraged changes within the companies held in the fund. The following table captures detail on the progress of specific requests for change we made 12 months ago. We will continue to review these engagements periodically and escalate where necessary.

Company	Suggestion for change	Result
<b>Healthcare</b>		
<b>Alcon</b>	Encouraged better retrospective disclosure on Alcon's innovation scorecard.	<b>Some Change</b> Some, albeit limited, detail given on the updated scorecard: 10 milestones, one cost related, one sales related and 8 tied to timeline of achievements. We would like to see greater detail on what these actually entail.
	Encouraged inclusion of a returns metric in the long term incentive plan (LTIP).	<b>Achieved</b> LTIP based on metrics including core earnings per share (EPS).
	Encouraged the company to disclose quantifiable environmental targets.	<b>Some Change</b> The 2020 Corporate Social Responsibility (CSR) Report details some environmental goals such as to minimise energy use and greenhouse gas emissions, however these goals are not yet quantifiable.
<b>Information Technology</b>		
<b>Tencent</b>	Asked the company to improve disclosure on governance, oversight and grievance mechanisms in relation to data privacy.	<b>Achieved</b> Company launched dedicated privacy site to centralise privacy information after our engagement.
	Asked the company to give users more control over their information.	<b>Achieved</b> Company launched user privacy centre for all apps, which allows you to see and alter third party access to your information, targeted advertising, location data etc.

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Asked the company to increase transparency on how they respond to requests for user information.

**Almost** Company told us that users are notified of third party data requests via pop-up windows which require explicit authorisation. On private requests to restrict content/accounts, the company discloses policies around copyright violations. We would welcome greater disclosure on public requests.

Asked for greater transparency on censored content.

**Some Change** Content policies are clearly defined and published and the company does notify users when content posted on public platforms is removed. However, no detail is given on content removal from private platforms.

### Materials

**Kumba Iron Ore** Asked the company to consider setting longer term climate targets.

**Almost** 2040 targets have now been introduced covering the company's business operations, which we understand is covered as part of Anglo American's group target. We have assessed as "almost" met but are keen to see the company develop its targets to include scope 3 emissions.

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.

