Europe Arab Bank plc Pension Scheme
Implementation Statement

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (“the Regulations”), which require the Trustees to produce an annual Implementation Statement.

This is the second Implementation Statement the Trustees have prepared and covers the Defined Contribution ('DC') Section of the Scheme for the year ending 31 December 2021.

This Statement is split into the following sections:

- A description of the review of the DC Statement of Investment Principles (the "SIP") and changes made to the DC SIP over the year to 31 December 2021.
- Evidence on how the Trustees have met the objectives and policies included within the DC SIP over the year to 31 December 2021.
- Information on voting and engagement activity undertaken in relation to the DC Section by the Scheme's investment managers on the Trustees’ behalf.

Summary

The Trustees are satisfied that their policies in place over the year to 31 December 2021 have been appropriately implemented.

In particular, the Trustees are comfortable that their investment managers are exercising their respective voting and engagement duties, where applicable, to a satisfactory level, and that the Trustees' stewardship policy (detailed in Section 4.7 of the Scheme SIP, available here) is being appropriately implemented on their behalf.

The Trustees recognise that they have a responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. The Trustees will therefore continue to use their influence to drive positive behaviour and change among the managers that they have employed to invest the assets of the Scheme, and with other third parties that the Trustees rely on, such as their investment advisers. The Trustees will monitor, assess and ultimately hold them to account to make sure that the assets of the Scheme are appropriately invested.

1. Review and changes made to the SIP over the year to 31 December 2021

The Trustees have a policy to review the SIP formally at least every three years, or after any significant change in investment policy or member demographics.

The DC SIP was reviewed during the year to 31 December 2021 and updated in November 2021 to reflect changes made to the Scheme's investments. The changes (set out in the bullet points below) were agreed as part of the 2020 triennial investment strategy review and implemented on 1 October 2021:

- Within the Passive Global Equity Fund, the allocation to the LGIM World Equity Index (30% of the overall fund) was replaced with an allocation to a new fund – the LGIM Future World Global Equity Index – to better capture environmental, social and governance ("ESG") risks and opportunities within the Scheme's default strategy.
- Within the Multi-Asset Growth Fund, 50% of the allocation to Schroders Dynamic Multi-Asset Fund ("DMAF") was replaced with the LGIM Diversified Fund to improve the diversification of members' investments across both investment managers and management style, and to address concerns around DMAF meeting its long-term performance target.
- Addition of a new self-select fund – the Responsible Investment Global Equity Fund – to give members the option of investing in a fund that explicitly accounts for ESG issues.

These investment changes are reflected in the updated SIP dated November 2021. The Trustees sought input on the SIP changes from their investment adviser and the Sponsoring Employer.

The latest version of the SIP is available for members to view via the Europe Arab Bank website here.

2. Meeting the objectives and policies outlined in the SIP

This section details how the investment policies and objectives stated in the SIP have been adhered to and achieved in practice over the year to 31 December 2021. As above, the SIP was updated over the year but there were no material deletions or changes to the objectives and policies. As such the below information sets out evidence versus the latest SIP.

The Trustees have summarised the objectives and policies by theme; full details are outlined in the SIP.

I. Policies and objectives related to the Scheme's DC investment strategy

Including ensuring the ongoing suitability of the Scheme's investment options (including the default strategy) and appropriate risk management.

The Trustees have made available two lifestyle strategies and a range of ten self-select funds to allow members to build a portfolio suitable for meeting their individual investment objectives and needs.

The Responsible Investment Global Equity Fund was made available to members as a self-select option from 1 October 2021 and was introduced to reflect increasing investor awareness of sustainability and the potential risks regarding environmental impact, climate change and social issues. The Trustees recognise that members may have their own views on the topic and may wish to invest in responsible investment-focused funds as they become more accessible to UK pension schemes.

For members who do not wish to make an active investment decision, the Flexible Income Lifestyle is used as the default arrangement for the Scheme. Members invested in the default arrangement are initially invested in the Passive Global Equity Fund. This fund aims to deliver long-term growth through investment in equities, and therefore minimise opportunity cost risk by making sure members target a sufficient level of investment growth during the years when they are further from retirement and can typically tolerate a higher risk exposure. The Passive Global Equity Fund has a 30% allocation to the LGIM Future World Global Equity Index. This fund helps to manage members' exposure to ESG risks and opportunities by excluding certain investments that could be deemed as harmful (such as companies that violate the United Nations Global Compact) as well as by tilting towards companies that have an improved ESG profile, and away from companies that have a poor ESG profile. When a member is 15 years from retirement, their assets are gradually moved into a mix of bonds and multi asset growth funds, with a portion remaining in equities, aiming to retain some growth potential whilst also providing some protection of the capital value of members' savings, and therefore reducing capital risk. The gradual move between funds also helps minimise market switching risk for members.

To make sure that the DC investment options remain appropriate for the needs of their members, and in addition to quarterly performance monitoring, the Trustees carry out a review of the Scheme's investment strategy annually, supplemented by a detailed review of the Scheme's default strategy design in the context of the underlying membership profile at least every three years.

Detailed review

The detailed review was last carried out in November 2020, following which the Trustees agreed that the default strategy and range of options remained appropriate and no significant changes to the strategy were required. The Trustees agreed that they remained comfortable with the design of the lifestyle strategies and are confident that the provision of two clear lifestyle options helps to minimise the risk to members that the 'at-retirement' asset allocation of the lifestyles would be inappropriate when compared to how a member might wish to access their retirement savings (mismatch risk). The Trustees also reviewed forward-looking return expectations for various asset classes, which in turn took into account the likelihood that inflation could erode investment returns (inflation risk).

The only resulting changes were to the underlying components of the Passive Global Equity Fund and Multi-Asset Growth Fund, as well as the addition of the Responsible Investment Global Equity Fund, as detailed in section 1 of this statement. These changes were agreed in April 2021 and implemented with effect from 1 October 2021.

The Trustees took professional advice on these investment changes and consulted with the Sponsoring Employer.

Annual review

Given the investment changes being implemented in October 2021, the Trustees deferred the 2021 annual review of the Scheme's investment options for a few months to allow a period of bedding down the changes. This review was completed on 26 January 2022 and the Trustees agreed that they were comfortable with the strategy. Further information on this review will be reported on in the Scheme's 2022 Implementation Statement.

As well as the investment reviews, the Trustees reviewed investment monitoring reports on a quarterly basis over the year, to make sure that funds available to members performed in line with expectations. The quarterly investment monitoring reports were focused on long-term investment performance (over a 5-year period, or where unavailable, since inception of the investment strategy) as well as providing shorter-term performance information, as the Trustees recognise the need to review performance over a suitably long-term time horizon. The reports also included ESG ratings for each of the individual investment funds used within the investment strategy, which supported the Trustees in assessing the overall ESG risks of the Scheme's investments.

II. Policies and objectives related to investment managers

The Trustees have set specific objectives for each individual investment manager and blended fund within the DC section of the Scheme and monitored the funds against these objectives as part of the quarterly investment monitoring process. The objectives and components of the blended funds were last reviewed in detail in November 2020, as part of the detailed investment strategy review (explained above).

As part of the investment changes agreed in April 2021, the Trustees took advice on the new managers and strategies and also agreed new benchmarks and objectives for the Passive Global Equity Fund, Multi-Asset Growth Fund and Responsible Investment Global Equity Fund. This advice included consideration of liquidity, ongoing costs to members, ESG risks and risk/return expectations to ensure that the investment managers and strategies selected aligned with the Trustees' policies.

The Trustees' quarterly investment monitoring reports included information on both the short and long-term performance of each fund relative to its objective, as well a red, amber or green ('RAG') status to indicate whether funds were delivering in line with their objectives. An overall rating ('Buy', 'Qualified' or 'Sell') was assigned to each of the funds in the DC section of the Scheme which reflected the investment adviser's conviction in the strategy. All of these elements were considered by the Trustees in their quarterly assessments and review of the Scheme's investment managers over the year to 31 December 2021.

Following a challenging performance period for the Multi-Asset Growth Fund, the Trustees chose to carry out an additional review of this fund as part of the 2020 detailed review, which led to changes being agreed and implemented in 2021. Again, advice was taken on these investment changes prior to agreement. More detail can be found in section 2.I.

III. Policies and objectives related to investment advisers

In December 2019, the Trustees set objectives for their DC investment advisers. Following an initial assessment against these objectives in 2020, the Trustees and their advisers held discussions in early 2021 on how the services provided and way of working could be improved to better meet the Trustees' needs and preferences. The investment advisers submitted a further self-assessment against these objectives in November 2021, which was then compared to the Trustees' own assessments. It was found that both the Trustees and their advisers agreed that there had been an improvement over 2021 and that the advisers were delivering their services at least in line with the Trustees' expectations.

This review is carried out annually with a further review of the objectives themselves carried out every three years. The next review of both the advisers and the objectives will be completed in 2022.

IV. Policies and objectives related to ESG risks and stewardship

As covered in Section 2.I. the Trustees reviewed ESG ratings of all the individual investment funds on a quarterly basis over the year to 31 December 2021, which supported the Trustees in assessing the overall ESG risks of the Scheme's investments.

While the Trustees were comfortable with the quality of the funds, the Trustees had agreed to investigate the feasibility of incorporating investments with an explicit ESG-focus as part of the detailed strategy review in 2020. This is in line with the Trustees' belief that ESG considerations (including but not limited to climate change) may be financially material and could negatively impact the value of investments if not understood and evaluated properly, as well as reflecting an increasing market-wide focus on the topic of Responsible Investment.

As discussed within section 2.I, the Trustees therefore decided to add an allocation to an explicit 'responsible investment' style fund (the LGIM Future World Global Equity Index) within the Scheme's Passive Global Equity Fund, which is used by both lifestyle strategies (including the default) as well as being available as a stand-alone fund within the self-select range. The LGIM Future World Global Equity Index is a passively managed fund that aims to provide exposure to global equities while reflecting significant ESG issues (more detail in section 2.I above). The Trustees believe this change will improve long-term risk-adjusted returns for members whilst also reflecting the increasing importance of ESG issues and being responsible investors.

The Trustees also created the Responsible Investment Global Equity Fund (which invests solely in the LGIM Future World Global Equity Index). This was added to the range of self-select funds in October 2021 and sits alongside the existing Ethical and Shariah Compliant options, which together allow members to invest in funds with specific considerations.

Regarding member views on ESG matters (including both financially and non-financially material considerations), the Trustees' policy is to give due consideration to any member feedback received. No such feedback was received over the year to 31 December 2021.

As set out within the SIP, the Trustees regularly review their investment managers' stewardship activities as part of the annual Implementation Statement. The Trustees, with the help of their investment advisers, have collated and reviewed the voting and engagement activity of each individual manager used within the Scheme. Details of this review can be found in Section 3 of this Statement.

V. Policies relating to costs and charges associated with the Scheme

The investment monitoring report reviewed by the Trustees on a quarterly basis included information on the explicit charges (including the Total Expense Ratio, 'TER') applying to the funds available to members.

The TERs were last reviewed against typical market ranges and against the advisers' experience of other similar schemes as part of the investment strategy review carried out in November 2020. This review confirmed that all charges were reasonable and within the expected range for the size of the Scheme. This review is usually completed annually but was delayed in 2021 to be included as part of the annual investment review scheduled for January 2022. As set out above, this delay was in light of the investment changes made in October 2021.

The Trustees also monitored the level of charges applying to the Scheme's funds via the Annual Governance Statement. This includes disclosure of transaction costs, which are incurred on an ongoing basis in addition to the TER and are already accounted for within the reported performance of each fund. Whilst there are not yet any set benchmarks to monitor transaction costs against, the Trustees relied on their investment adviser to highlight if any cost levels appear out of line versus experience of the wider market. This process was completed as part of the production of the Annual Governance Statement and supported a view that the Scheme offers good value for members.

3. Voting and engagement activity over the year

The Trustees invest in pooled funds, and as such have delegated responsibility for the selection, retention and realisation of investments to the Scheme's investment managers in whose funds they invest.

The following sections outline voting behaviour and stewardship information, including examples of significant votes cast, to illustrate engagement activity carried out by the Scheme's pooled fund managers on the Trustees' behalf.

There are a number of different criteria under which investment managers can determine whether a vote is significant. Each manager has their own criteria, with examples including:

- a vote where a significant proportion of the votes (e.g., more than 20%) went against the company management's proposal
- a vote where the investment manager voted against a company management recommendation or against the recommendation of a third-party provider of proxy voting
- a vote that is connected to a wider engagement initiative with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the client considers inappropriate or based on inappropriate rationale
- a vote that has significant relevance to members of the Scheme.

The Trustees' definition of a significant vote is broadly consistent with the managers' definitions, therefore, the examples given in the sections below are also aligned with the Trustees' definition of a significant vote.

The voting statistics supplied by the managers cover the full Scheme year but not all investments were held for the full 12 months. The Trustees are comfortable that the information provided is reflective of the activity carried out on their behalf over the relevant periods.

Having reviewed the commentary provided by the investment managers, the Trustees believe that the stewardship carried out on their behalf over the Scheme year has been adequate, noting how the examples provided show the willingness and ability of the Scheme's investment managers to take proactive votes against management where appropriate. The Trustees recognise that they have a responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. Accordingly, the Trustees continue to expect improvements over time in line with the increasing expectations on investment managers and its significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

3.I. Equity and Multi-Asset Funds

During the year, the Scheme invested in the following equity funds, managed by LGIM, Schroders and HSBC:

Fund Name	Underlying Investment Manager	Underlying Fund Name
Passive Global Equity Fund	Legal & General Investment Management	Future World Global Equity Index Fund[1]
		Future World Global Equity Index Fund[2] (GBP Hedged)
		RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund[3]
		RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund[4] (GBP Hedged)
		Minimum Volatility Index Fund
		World Emerging Markets Index Fund
UK Equity Fund		UK Equity Index Fund

[1] Replaced LGIM World Equity Index Fund on 1 October 2021
[2] Replaced LGIM World Equity Index Fund (GBP hedged) on 1 October 2021
[3] Underlying benchmark and fund name changed by LGIM from the RAFI All World 3000 Equity Index Fund effective 17 September 2021
[4] Underlying benchmark and fund name changed by LGIM from the RAFI All World 3000 Equity Index Fund (GBP hedged) effective 17 September 2021

Ethical Global Equity Fund		Ethical Global Equity Index Fund
Multi-Asset Growth Fund		Diversified Fund[5]
	Schroders Investment Management	Dynamic Multi-Asset Fund
Shariah Compliant Global Equity Fund	HSBC Global Asset Management	Islamic Global Equity Index Fund

LGIM

Voting Policy

LGIM uses proxy voting service provider Institutional Shareholder Services ("ISS") to execute votes electronically and for research, which augments LGIM's own research and proprietary ESG assessment tools. LGIM do not outsource any part of the voting decisions to ISS. It has put in place with ISS a custom voting policy that applies to all markets globally, which seeks to uphold what it considers to be the best practice standards companies should observe. LGIM retains the ability to override any voting decisions based on the voting policy if appropriate, for example, if engagements with the company have provided additional information.

LGIM also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions.

The table below sets out the voting activity carried out by LGIM in relation to the underlying funds held by the Scheme over the year to 31 December 2021:

Fund Name	Underlying Fund Name	Number of resolutions eligible to vote on over the period	% of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % that were voted against management	Of the resolutions on which the fund voted, % that were abstained from
Passive Global Equity Fund	Future World Global Equity Index Fund	41,876	99.98	17.41	0.72

[5] Introduced as part of investment changes on 1 October 2021.

	World Equity Index Fund	31,679	99.83	18.97	0.81
	RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund	39,588	99.75	18.72	0.73
	Minimum Volatility Index Fund	4,969	99.96	20.58	0.10
	World Emerging Markets Index Fund	31,303	99.79	16.29	1.90
UK Equity Index Fund	UK Equity Index Fund	9,923	100.00	7.23	0.00
Ethical Global Equity Index Fund	Ethical Global Equity Index Fund	13,534	99.99	16.61	0.15
Multi-Asset Growth Fund	Diversified Fund	78,917	98.60	20.26	0.69

LGIM have provided examples of significant votes cast for these funds. LGIM consider a vote as significant in line with the criteria provided by the Pension and Lifetime Savings Association guidance. This includes (but is not limited to) high profile votes which are subject to a degree of controversy or high public scrutiny, votes with significant client interest, or votes linked to an LGIM engagement campaign. LGIM have also provided details of votes across their wider book of business that they believe to be significant, detailed in their quarterly stewardship reports (more detail below).

<u>Voting Example</u>

In May 2021 LGIM voted for a shareholder resolution that asked Intel Corporation to report on its global median gender and racial pay gap. LGIM's vote was against the recommendation of the Intel Corporation management.

LGIM voted in this way to promote transparency: LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.

LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf. For 10 years, it has been using its position to engage with companies on this issue.

As part of its efforts to influence its investee companies on having greater gender balance, LGIM expects all companies in which it invests globally to have at least one female on their board. LGIM also has stronger requirements in the UK, North American, European and Japanese markets, in line with its engagement in these markets.

Only 14.3% of shareholders supported this resolution, meaning it failed to pass. LGIM has stated that it will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

<u>Engagement Policy</u>

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues
2. Formulate the engagement strategy
3. Enhancing the power of engagement
4. Public Policy and collaborative engagement
5. Voting
6. Reporting to stakeholders on activity

LGIM takes an active role in stewardship and considers it as its duty to be accountable for its clients' assets, ensure it upholds the highest corporate governance standards and identify ESG risks and opportunities. It monitors a number of areas and conducts engagements on various issues. This approach covers both LGIM's equity and fixed income investments.

LGIM's top five engagement topics/ESG issues are climate change, remuneration, diversity, board composition and strategy.

LGIM's engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant policy documents which are reviewed annually. More information can be found on LGIM's engagement policy here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

LGIM's latest annual active ownership report showed that in 2020 they carried out 891 engagements with 665 companies. 416 of these engagements were on environmental issues, 253 on social and 401 on governance issues. LGIM have also begun producing quarterly stewardship reports, more detail on recent activity can be found here: https://www.lgim.com/landg-assets/lgim/_document-library/esg/q4-2021_esg-impact-report-uk_europe-final.pdf

This report shows that over the quarter of Q4 2021 alone, LGIM carried out 273 engagements with 233 companies: 140 of these engagements were on environmental topics, 89 on social and 117 on governance topics.

<u>Engagement Example</u>

LGIM has engaged with a number of water utility companies on the topic of anti-microbial resistance ("AMR"). LGIM states that the overuse of many antimicrobials in human activities are often linked to the uncontrolled release of antimicrobial agents which can last for prolonged period of time. Existing water sanitation and management systems have not been designed to address AMR concerns.

LGIM reached out to 20 water utility companies through an open letter to understand if these investee companies were aware of this issue, and if they had plans to introduce effective monitoring systems to detect agents such as antibiotic-resistant bacteria and genes. In addition, LGIM hosted meetings with some of the companies, which highlighted that awareness of AMR is low in most countries. LGIM believe this is due to the lack of regulatory requirements and/ or little perception of potential business risks to the individual company.

Following continued engagements, LGIM found several investee companies are now considering AMR. In particular one utility company is seeking to understand what happens to emerging contaminants in the wastewater treatment process and has implemented a programme that will analyse the results to try to understand what improvements in their systems would be required to address it. Through the engagement, LGIM stressed it is important to promote a more enhanced and standardised approach to AMR through influencing the regulatory landscape. It is working on this with its peers within the Investor Action on Antimicrobial Resistance initiative[6].

HSBC - Shariah Compliant Global Equity Fund

<u>Voting Policy</u>

HSBC utilises the services provided by proxy voting advisor ISS to assist with the global application of its own voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC then reviews voting policy recommendations for all active holdings, which enables it to ensure that ISS has applied the policy correctly and to determine whether there are company-specific reasons to depart from the policy.

HSBC states that it often provides feedback to ISS on its application of the policy - either to amend the recommendation for a particular meeting or for future meetings. A decision to depart from a policy recommendation will be made by the portfolio manager and/or a member of HSBC's Governance team. This could result from an investment insight into the company concerned that goes beyond the ISS analysis or from an engagement with the company which indicates that the governance concern is misplaced or will be addressed. Reasons for departures from policy are recorded and reviewed subsequently by a governance oversight group.

[6] A coalition between the Access to Medicine Foundation, the FAIRR Initiative, the Principles for Responsible Investment and the UK Government Department of Health and Social Care to galvanise investor efforts to address global antimicrobial resistance

HSBC's policy is applied at three levels: market-specific criteria for developed Europe; global 'good practice' standards for other developed markets; more flexible application for emerging and frontier markets.

The table below sets out the voting activity carried out by HSBC in relation to the Islamic Global Equity Index held by the Scheme over the year to 31 December 2021:

Fund Name	Underlying Fund Name	Number of resolutions eligible to vote on over the period	% of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % that were voted against management	Of the resolutions on which the fund voted, % that were abstained from
Shariah Compliant Global Equity Fund	HSBC Islamic Global Equity Index	1,650	93%	11%	0%

Voting Example

HSBC states that a significant vote was cast in relation to Rio Tinto plc, the mining conglomerate. HSBC voted against the company's remuneration report as it was concerned that Rio Tinto's out-going CEO received £5.7 million from vesting of a 2016 long-term incentive plan. Although the remuneration committee had reduced vesting by £1 million and withheld his bonus due to the destruction of Juukan Gorge historic site, HSBC noted the total pay exceeded pay in the previous year. It believed that the remuneration committee should have exercised further discretion in light of the severity of the incident. HSBC considers the destruction to be a major failing of the company's governance and that the renumeration had not been accurately adjusted to reflect the matter.

The renumeration package was ultimately not passed. HSBC states it will continue to engage with Rio Tinto on the issue and stated the vote has sent a strong signal to the board of Rio Tinto.

Engagement Policy

HSBC states that it meets with companies on a range of ESG issues and have a clear set of engagement objectives which may include:

- Improving understanding of a company's business and strategy;
- Monitoring performance;
- Signalling support or raising concerns about company management, performance or direction; and

- Promoting good practice.

HSBC undertakes a risk assessment on an annual basis, helping to identify ESG practices of concern in different regions and where it has the most exposure on an absolute and relative basis. It prioritises themes, sectors or key stocks on the basis of scale of client holdings, salience of the issues concerned and overall exposure. This process results in the development of an annual engagement plan.

HSBC has developed a process for each formal equity engagement based on setting company-specific objectives, tracking progress made, measuring company action and recording engagement. It meets with companies on a range of issues. Its active equity and credit analysts engage with issuers as part of the investment process, both before and during the period of investment and also cover ESG issues.

When analysing issuers, HSBC considers which specific ESG factors are generally material for the industry in which each company operates. It also uses proprietary sector-specific weighting for ESG factors to reflect the materiality of each set of issues to the sector. The factors included are not exhaustive, and it can consider further unlisted ESG factors that may have meaningful impact on companies' future potential.

Engagement Example

In 2021, HSBC engaged with Equinor (Norway's main producer of oil & gas) on the company's strategy and commitments for the low-carbon transition. HSBC met with the company several times during the year, encouraging the development of its climate strategy, as well as co-ordinating support investors. Following this engagement, Equinor made a commitment to become net zero by 2050, including scope 1, 2 & 3 emissions (based on indirect emissions of customers' use of Equinor's equity production). Equinor also committed to carbon neutral global operations by 2030, with net zero and no offsets by 2050. The company also enhanced its ambition as a renewable energy provider, planning to quadruple capacity by 2035.

Schroders - DMAF

Voting Policy

Schroders uses research from both ISS and Institutional Voting Information Service ("IVIS") however it states that this is only one component of the analysis which feeds into its voting decisions. Schroders stresses that its own research is also integral to its final voting decision. This research is conducted by its financial and ESG analysts. For contentious issues, Schroders' Corporate Governance specialists will engage with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders considers most significant votes as those against company management. It opposes management if it believes that doing so is in the best interests of shareholders and its clients.

Schroders discloses its voting activity publicly. On a monthly basis, Schroders produces voting reports which detail how votes were cast, including votes against management and abstentions.

The table below sets out the voting activity carried out by Schroders in relation to the underlying funds held by the Scheme over the year to 31 December 2021:

Fund Name	Underlying Fund Name	Number of resolutions eligible to vote on over the period	% of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % that were voted against management	Of the resolutions on which the fund voted, % that were abstained from
Multi Asset Growth Fund	Schroders DMAF	10,466	91.6%	9.6%	0.8%

On a quarterly basis, Schroders also produce sustainable investment reports at the firm level. The Q4 2021 stewardship report can be found here.

Schroders have also improved their fund level reporting and include engagement and voting statistics in fund-specific quarterly investment reports. Over the year to 31 December 2021, Schroders engaged 471 times with companies held by DMAF.

While there are a number of case studies within the firm level reports, Schroders has not yet disclosed fund level significant vote examples. The Trustees recognise that these disclosures are relatively new but do expect improved transparency at a fund level moving forward. The Trustees' investment adviser is engaging directly with Schroders on this matter on the Trustees' behalf.

Engagement Policy

Schroders defines engagement to be purposeful communication with an entity (e.g., government, corporate, institution, financial counterparties, regulator, industry body or managers of Special Purpose Vehicles or funds) on particular matters of concern with the goal of encouraging change at the entity and/or wider system improvement. Active ownership is considered a key part of the ESG process at Schroders.

The Investment team monitors the engagement and voting activity that takes place in relation to the underlying holdings of the fund in partnership with the Schroders' Sustainable Investment team, to ensure they are driving ESG improvements at the underlying holding level.

Schroder's engagements can take 2-3 years from initial engagement to conclusion. Investment decisions are made by the underlying fund manager based on engagement activity.

Engagement Example

An example of engagement at a firm-wide level was when Schroders engaged with five companies in Singapore that employ large numbers of migrant workers on the topic of debt bondage - a term for when someone is forced to work to pay off a debt. Following Schroders' initial communication with the five companies, it contacted two of the leading companies. While the companies had policies and commitments to "zero forced labour", Schroders' understanding of the local market is that risk contractors may not consider debt bondage to be forced labour.

Contractors may consider themselves to be compliant with local regulation while exploitative practices may be more likely to take place in the migrant workers' place of origin. The conversations were useful to understand the challenge for developers with a rotating schedule of migrant workers compared to firms with a more consistent workforce. Recognising that this is a new topic for many contractors, Schroders' initial focus was on raising awareness of how debt bondage is forced labour. Schroders asked the companies to educate its main contractors on the topic. The two companies seemed responsive and indicated that they will consider it. As leading corporates, Schroders believes that the companies' actions will have a positive trickle-down effect and will continue to encourage efforts in this area.

3.III Fixed income

The Scheme also invests in the following fixed income funds, managed by LGIM:

Fund Name	Underlying Fund Name
Government Bond (Index Linked) Fund	Over 5 Year Index-Linked Gilt Fund
Corporate Bond Fund	Investment Grade Over 15 Year Target Duration Fund
Cash Fund	Sterling Liquidity Fund

The Trustees acknowledge that the concept of stewardship may be less applicable with respect to its fixed income investments, particularly for short-term money market instruments (as per the LGIM Cash Fund) and gilt investments (the LGIM Over 5 Year Index-Linked Gilt Fund).

The corporate bond investments are all invested with LGIM and are managed in line with the same LGIM-wide engagement policy laid out above.

3. IV Summary

Overall, the Trustees believe that the stewardship carried out on its behalf is adequate and appropriate, noting examples of the willingness and ability of LGIM, Schroders and HSBC to take proactive votes against management where appropriate.

The Trustees recognise that they have a responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. Accordingly, the Trustees continue to seek improvements over time (for example, fund level examples of significant votes from Schroders and fund-specific engagement examples from LGIM) and will monitor progress. By placing increasing expectations on investment managers to use their influence to implement considered voting and engagement activities, the Trustees seek to generate positive outcomes for the Scheme and its members.