Schroders

# Proxy voting policy

## Head of Corporate Governance

January 2023

# 1. Executive Summary

This is a global policy which sets out our approach to proxy voting. Voting rights are an important part of the value attached to the ownership of shares. Where Schroders has the authority to vote as a responsible steward of our clients' assets, voting decisions must always be conducted in the client's best interest.

How we vote our proxies is guided by our global and regional voting guidelines (see section 4.1.2 and 5).

This policy and our guidelines will help to ensure our alignment to regulatory requirements around the world, including those relating to stewardship codes, including the UK Stewardship Code.

For the purposes of this policy, 'Corporate Governance teams' includes any team that have designated authority for proxy voting for publicly quoted equities (excluding those noted as out of scope in section 3).

# 2. Why is it necessary?

We conduct proxy voting in relation to client mandates for public equities that require us to vote on our clients' behalf in line with any contractual and fiduciary obligations. These clients expect us to report our votes and justify our voting decisions to them, in a timely manner.

We also publicly disclose our voting record, as we seek to be accountable for our voting, as part of our stewardship activities, to other stakeholders. These include, the ultimate beneficiaries of our clients, NGOs, lawmakers, regulators and other stakeholders. As a result, there are certain risks around our voting that have to be managed. These include but are not limited to:

- Ensuring voting activity is conducted in the best interests of our clients and potential conflicts of interests are managed (see section 4.1.6).
- Ensuring that all voting is conducted within the required deadlines (see section 4).
- Ensuring a consistency of approach across and between markets on voting matters, while taking into account the different standards expected in different markets and particular issues facing the company and/or the market it is in.
- Using the vote and any communications with the company about our voting approach and/or how we plan to or have voted to seek improvements at the companies at whose meetings we vote.
- Using our voting activity to encourage wider improvements in corporate behaviour.

This policy therefore describes the controls that we have in place to manage our contractual and fiduciary responsibilities.

# 3. Scope

**In scope:**

This policy applies to all votes on publicly quoted equities managed by Schroder entities except those explicitly described in 'out of scope,' below.

**Out of scope:**

| **Out of Scope** | **Rationale** |
|---|---|
| Any votes where a client has retained voting rights over their shares in any publicly quoted company. | Schroders does not have voting rights over these shares. |
| Any votes where a client has directed to vote in a certain way. | For certain clients we have agreed to enable them to vote on certain resolutions in line with their specific |

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| | instructions that may differ from how Schroders chooses to vote. |

# 4. Policy requirements

This section describes the key policy requirements.

## 4.1 Policy Requirements

4.1.1 **Schroders must vote on all shares in public equities except as described below.**

Schroders must vote on all of its clients' shares covered by this policy, except in the following very limited circumstances:

- Where the Investment team may not be able to trade the shares as a result of the share blocking requirements over the shares in certain markets, and it decides that the ability to trade the shares is more important than the ability to vote. In this case the relevant Corporate Governance team must be consulted and must approve the decision not to vote.
- Where there may be other costs associated with voting the shares such as if the financial and the administrative cost of providing additional documentation or establishing a power of attorney is, reasonably judged by the Corporate Governance team, to be more than the value of the ability to vote.
- Where there are physical or time sensitive barriers to voting. For example, where the proxy voting provider has not provided an electronic means to vote or, has not provided their research (which enables Schroder to vote) more than one normal business day in the UK before the voting cut off.

4.1.2 **All voting must be conducted as per the global and regional voting guidelines**

Schroders Global voting guidelines are published externally and can be found here.

The Global voting guidelines set the minimum standards to be applied and are supported by regional guidelines, where applicable, which provide specific guidance on how to apply these locally. All voting must be conducted in line with these guidelines except in the circumstances listed in 4.1.1.

Global and regional voting guidelines are reviewed at least annually by regional governance committees, with any material changes agreed by Compliance. All individuals involved in the voting process must follow the applicable voting guidelines.

4.1.3 **Corporate Governance teams are responsible for conducting the voting on shares covered by this policy**

Corporate Governance teams must discuss and agree with the relevant Investment teams how to vote each issuer's shares covered by this policy with reference to the applicable voting guidelines, and any discussion or other engagement with each company. Once agreement is reached, the Corporate Governance Team is responsible for conducting the vote.

4.1.4 **Schroders must have the ability to conduct all voting electronically**

All voting must be conducted via the electronic voting platform provided by our agreed third party provider, unless where there are specific operational reasons not to do so or Schroders plans to attend the meeting in person.

Corporate Governance teams globally are responsible for ensuring that all shares covered by this policy are available on its chosen proxy provider's voting platforms by working with client teams, clients for whom we have public equity mandates, their custodian banks and Schroders' proxy voting providers. The contracts with voting platforms must specify that the voting platform is required to give

Schroders sufficient notice to vote along with research and draft voting recommendations for each resolution at every shareholder meeting covered by this policy, based on Schroders voting guidelines and any other instructions from Corporate Governance teams globally.

Corporate Governance teams are responsible for conducting periodic reviews of public equity mandates to ensure that all mandates to be covered by this Policy are set up and maintained on the chosen voting platform.

#### 4.1.5 **Voting escalation process**

Where agreement on how to vote the shares cannot be reached between the relevant Corporate Governance team and the relevant Investment team(s), the following is a summary of the process that will be invoked:

- The Corporate Governance team and the Investment team will both write a memo setting out their views on the resolution, how they believe the shares should be voted and the rationale;
- The Corporate Governance team shall convene a meeting (electronic or physical) between the disagreeing parties and the Co-Head of Investment and Head of Equities who will adjudicate and make a decision on how to vote the shares.
- The Corporate Governance team will document this decision in writing and vote the shares in accordance with the decision.

For the avoidance of doubt, Schroders is able to vote against the recommendation of its third party proxy voting provider.

#### 4.1.6 **Conflicts of interest**

Schroders is responsible for monitoring and identifying situations that could give rise to a conflict of interest, including those that could give rise to a conflict of interest when voting at company meetings, in line with Schroders Group Conflicts of Interest policy. Those responsible for monitoring and identifying situations that could give rise to a conflict of interest are responsible for informing the Corporate Governance team of any potential conflicts.

Where a potential conflict is identified with respect to a fund or client on whose behalf the Corporate Governance Team is voting, or the company being voted on, we will follow the standard voting recommendations of a third party (the supplier of our proxy voting processing and research service).

Examples of potential conflicts include, but are not limited to:

- Where the company being voted on is a significant client, or part of the same Group as 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 votes at a company where a Schroders plc director or senior manager is a director or senior manager of the company being voted on
- Where Schroders plc or an affiliate is a shareholder of the company being voted on
- Where there is a conflict of interest between one client and another or there is a pressure to vote in a particular way due to a client request
- Where the Team votes on Schroders plc resolutions

There may be scenarios where it is in the best interest of the client to override the recommendations of the third party (described above) and vote in a way that may be perceived to benefit Schroders. In such scenarios, Schroders will obtain approval for the decision from Schroders' Head of Equities (or other relevant asset class) with the reason for such a vote being recorded in writing. If the third party recommendation is unavailable, Schroders will vote in what we believe to be the best interests of clients, irrespective of whether this puts Schroders at a disadvantage.

#### 4.1.7 **Corporate actions**

In the case of mergers, acquisitions or similar corporate actions where a fund or client holds investments in both the target and the acquirer, Schroders will always act in the best interests of its clients based on the information available at the time.

There may be other instances where different funds or clients, managed by the same or different Schroders fund managers, hold stocks on either side of a transaction. In these cases, the Fund Managers will vote the shares they control in the best interests of their respective clients, in their specific funds and we support the independence of those decisions to avoid inappropriate influence exerted. The Corporate Governance team will execute the votes on the instruction of the relevant Investment team(s).

#### 4.1.8 Oversight of voting

Oversight of voting is described in the proxy voting framework document, a hyperlink to which can be found in Section 5.

#### 4.1.9 Record Keeping

Records relating to voting and the implementation of this policy can be found via the hyperlinks in Section 5.

## 5. Where can I get more information?

You can find Schroders voting records here

Other materials relevant to this policy can be found here. These documents include:

- Schroders' global voting guidelines
- Voting escalation process
- Voting framework document

You can request the following documents from simproxyvoting@schroders.com provided you have a business need to read them as we have confidentiality obligations to our proxy provider not to circulate them more widely than is necessary:

- Schroders' instructions for each region provided to its proxy voting provider
- Schroders' contract and service level agreement with its proxy voting provider

Other policies relevant to this policy are:

- Group Conflict of Interest policy
- Institutional Client Take-on policy

## 6. Ownership and document approval

### Ownership

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|---|---|
| **Policy owner** | Tim Goodman |
| **Department** | Active Ownership Team |
| **Telephone** | +44 20 7658 1415 |
| **Email** | Timothy.goodman@schroders.com |
| **Who else can I contact for advice?** | Shane Beldom or simproxyvoting@schroders.com |

### Review and approval schedule

| Version | Date of approval | Approved by (name/committee) | Written or updated by | Description of changes |
|---|---|---|---|---|
| 1.0 | 13 December 2023 | Group Policy Committee | Tim Goodman | First draft of Group policy |