

THE SCHINDLER GROUP (UK) 1988 PENSION SCHEME

YEAR ENDED 5 APRIL 2022

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 5 April 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustees' primary objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

Scheme's Investment Structure

Majority of the Scheme's investments are held via a Trustee Investment Policy ('TIP') with Mobius Life Limited ('Mobius'). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. Additionally, the Scheme has invested in a private credit pooled fund with Permira.

Policy on ESG, Stewardship and Climate Change

The Scheme SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees believe that environmental, social, and corporate governance factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees recognise that a proportion of the Scheme's current investment arrangements are implemented on a passive basis, which limits the investment manager's ability to take active decisions on whether to hold securities based on the investment manager's considerations of ESG factors, including climate change.

The Scheme also has allocations to credit assets within which, whilst ESG issues are still relevant to risk control, there is less opportunity to influence investee company behaviour compared to equity holdings, although where relevant managers are encouraged to use their position as lenders of capital to engage with companies.

The Trustees have given the appointed investment managers full discretion in exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

This policy was reviewed and updated in September 2020.

Engagement

In the Scheme year the Trustees have not engaged with either Mobius, or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustees, with help from their investment consultant, review the stewardship and ESG policies of the fund managers annually.

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Voting Activity

The Trustees have effectively delegated their voting rights to the managers of the funds the Scheme's investments are invested in.

The Trustees have not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's' statement.

BMO - LDI

Due to the LDI Nominal Dynamic LDI Fund and LDI Equity-linked Real DLDI Sub-Fund not having any underlying equity holdings, they are not eligible to vote at company meetings.

Permira - Credit Solutions IV Senior GBP SCSp

Due to the Credit Solutions mandate not having any underlying equity holdings, they are not eligible to vote at company meetings.

Payden – Absolute Return Bond Fund

Due to the Absolute Return Bond Fund not having any underlying equity holdings, they are not eligible to vote at company meetings.

Over the last 12 months, the voting activity on behalf of the Trustees was as follows:

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Investment Manager Voting Summary

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes cast	Votes against management endorsement	Abstentions		
Thread Life - Multi Asset Fund	Thread Life uses organisations such as ISS, IVIS and Glass Lewis as well as MSCI ESG Research to provide proxy voting research. Proxy voting is effected by Institutional Shareholder Services (“ISS”). The RI team assesses the application of the policy and makes final voting decisions in collaboration with the firm’s portfolio managers and analysts. Votes are cast identically across all mandates for which they have voting authority. All voting decisions are available for inspection on their website seven days after each company meeting.	2549 (out of 2549 eligible)	7.61 %	1.45%	Thread Life defines ‘significant votes’ as any dissenting vote i.e. where a vote is cast against (or where they abstain/withhold from voting) a management-tabled proposal, or where they support a shareholder-tabled proposal not endorsed by management. They report annually on reasons for applying dissenting votes via their website.	Company: Nike Inc. Summary of the resolution: Report Political Contributions Disclosure Rationale: Columbia Threadneedle voted for the resolution as they view improved transparency and reporting on corporate governance practices as being in the best interest of the shareholders Outcome: Resolution not passed Implications: Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle’s research and investment process. Significance: Vote against management

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ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Investment Manager Voting Summary (Continued)

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes cast	Votes against management endorsement	Abstentions		
Pictet – Multi Asset Portfolio (continued)	<p>Pictet uses the services of third party specialists (ISS) to provide research and to facilitate the execution of voting decisions at all relevant company meetings worldwide. ISS are tasked with collecting meeting notices for all holdings and researching the implications of every resolution according to voting guidelines as defined by Pictet Asset Management. They typically use the recommendations of ISS to inform voting decisions but Pictet Asset Management reserves the right to deviate from third party voting recommendations on a case by case basis in order to act in the best interests of clients. Such divergences may be initiated by Investment teams or by the ESG team rights and will be supported by detailed written rationale.</p> <p>Pictet proxy voting policy is based on generally accepted standards of best practice in corporate governance including board compensation, executive remuneration, risk management, shareholder rights.</p>	562 (out of 565 eligible)	4.09%	0.40%	<p>Pictet considers a vote to be significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or they hold an important stake in the company.</p>	<p>Company: Rio Tinto Summary of the resolution: Approve remuneration report for UK law purposes Rationale: Pictet voted against this resolution as the company has allowed the former CEO to retain a significant proportion of his outstanding LTIP awards, subject to pro-rating for time and performance. The failures in risk oversight and governance at the Juukan site clearly constitute a "catastrophic environment event" which has "had a material effect on the reputation" of Rio Tinto, as defined in the malus and clawback provisions of the 2018 remuneration policy. In this light, it is unclear why these provisions have not been more comprehensively applied Outcome: Resolution not passed Implications: Pictet will continue to monitor and engage with the company where they believe the subject of the vote could present a material concern from an ESG perspective. If warranted, they will consider actions as part of their escalation strategy, including future voting decisions. Significance: Pictet consider the vote to be significant due to the subject matter of the vote, as it is vote against management.</p>

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Investment Manager Voting Summary (Continued)

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes cast	Votes against management endorsement	Abstentions		
Nordea - Diversified Return Fund	<p>Nordea votes both by proxy and by attending annual general meetings (and extraordinary general meetings when applicable). Nordea funds utilize two external advisors, Institutional Shareholder Services and Nordic Investor Services (henceforth, "ISS" and "NIS").</p> <p>They use ISS for the technical expertise and voting platform, as well as their global reach and analysis. NIS is a Nordic proxy advisor, which best practices are much in line with their own. ISS is a global player with international reach and practices, while NIS is a small niche player, which gives them a broad range of input very valuable in the evolution of their own Corporate Governance principles.</p>	2346 (out of 2348 eligible)	11.34%	0.60%	<p>Nordea defines 'significant votes' as any dissenting vote i.e. where a vote is cast against a management-tabled proposal. Their significant votes are also defined by standing up for best interests of shareholders and the impact that some companies have in society.</p>	<p>Company: Alphabet</p> <p>Summary of the resolution: Report on risks related to anticompetitive practices</p> <p>Rationale: A Vote 'FOR' the shareholder proposal. Nordea view the dominant position of Google, its impact on society and integrity of individuals as very important for shareholders.</p> <p>Outcome: Resolution not passed</p> <p>Implications: Nordea will continue to support shareholder proposals on the above issue as long as the company is not showing substantial improvement.</p> <p>Significance: Significant votes are those that are severely against Nordea's principles, and where Nordea feels they need to enact change in the company.</p>