



CF Fertilisers UK Limited Pension Scheme Implementation Statement for the year ended 31 December 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the CF Fertilisers UK Limited Pension Scheme ("the Scheme") have followed the policies documented in their Statement of Investment Principles ("SIP") during the year ended 31 December 2021 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Latest review of the Statement of Investment Principles

The Scheme's SIP was reviewed and amended from 30 September 2020. This review was initiated due to new regulations which took effect from 1 October 2020.

Asset allocations

In understanding that asset allocation plays an important role in achieving investment objectives and good member outcomes, the Trustees monitor the asset allocation of the Scheme to ensure that these are in line with the current investment objectives.

The Trustees are required to review the strategy of the default investment arrangements offered by the Scheme at least every three years or immediately following any significant change in investment policy. During the reporting year, there have been no changes to the asset allocations.

Manager selections

One of the main ways in which ESG and climate change related risks are taken into consideration is through manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises. During the reporting year, there have been no such manager selection exercises.

CMA Objectives

Objectives were put in place for XPS Investment Limited, in line with the 10 June 2019 CMA Order which required trustees to set objectives for existing and new investment consultant appointments from 10 December 2019, in order to receive investment advice after that date.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

New policies

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the



Scheme's investment managers. The Trustees require the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest. In pooled funds the Trustees have limited influence over the managers' investment practices, particularly in relation to those pooled funds which are designed to track an index where the choice of the index dictates the assets held by the manager.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. Furthermore, the Trustees revert to the investment manager's approach when determining vote significance unless stated otherwise.

The Trustees will seek advice from the Investment Adviser on the extent to which its views on ESG and climate change risks may be considered in any future investment manager selection exercises.

The Trustees' investment policies

The Trustees had various investment policies for the Scheme on the topics listed in the table below; the table also provides commentary on how and the extent to which the various policies were followed during the reporting year.

Policy	How the policy was followed	The extent to which the policy was followed
<p>Kinds of investments to be held</p> <p>The Trustees have agreed with the Company to maintain a policy of investing in equity funds, multi-asset funds, bond funds, cash funds, as well as property investment.</p>	<p>The range of investment options available incorporates both real and monetary assets. The self-select range include options in <u>all</u> of the asset classes in the policy.</p>	<p>The Trustees are satisfied that they followed the policy in full.</p>
<p>Balance between different investments</p> <p>The amounts allocated to any individual asset class will be influenced by the choices made by the members.</p> <p>The Trustees aim to ensure that members are offered a range of suitable funds to address varying life situations and preferences and that the Scheme's assets</p>	<p>Members' choices were maintained throughout the year.</p>	<p>The Trustees are satisfied that the policy has been followed in respect of all investment options available to members.</p>



are invested in the best interest of the members.		
<p>Risks (measurement and management)</p> <p>The Trustees have several policies in respect of risk management and measurement. The most relevant during the account period was;</p> <p><i>Risk from lack of diversification:</i> The Trustees' policy is to adequately diversify the overall asset allocation.</p>	<p><i>Diversification</i></p> <p>The range of investment options made available to members includes equity funds, multi-asset funds, bond funds, cash funds, as well as property investment.</p>	<p><i>Diversification</i></p> <p>The Trustees are satisfied that they followed the policy in full.</p>
<p>Expected return</p> <p>The Trustees' policy is to make available a range of investment funds with different risk-reward characteristics that will allow members to maintain the real value of their fund.</p>	<p>The Trustees made a range of investment options available to members which include lifestyle funds. Self-select funds are also available for members who want to take <u>more or less risk</u>.</p>	<p>The Trustees are satisfied that they followed the policy in full over the reporting period.</p>
<p>Realisation of investments</p> <p>The Trustees' policy is to monitor closely the extent to which any assets not readily realisable are held by the investment managers.</p>	<p>The Trustees have made available a range of investment options which are suitably realisable for members of a DC Fund.</p>	<p>The Trustees are satisfied that it has followed the policy over the reporting period but acknowledges it has little control over black swan events that could impact Fund liquidity.</p>
<p>ESG</p> <p>The Trustees' policy is to delegate the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers.</p>	<p>The Investment Managers have responsibility for the ongoing monitoring and management of ESG risks and those related to climate change.</p>	<p>The Trustees are satisfied that it followed the policy in full over the period.</p>
<p>Non-financial matters</p> <p>The Trustees' policy is to act in the best interests of the</p>	<p>The Trustees seek professional advice in relation to the management of the assets of the Scheme to ensure any</p>	<p>The Trustees are satisfied that they followed the policy in full in relation to</p>



beneficiaries of the Scheme when selecting, retaining, or realising investments. It has neither sought nor considered the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues.	decisions it makes are in the best interests of Scheme beneficiaries.	the investment decisions taken over the period.
Voting rights The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.	The underlying investment managers vote in accordance with their internal voting policies.	The Trustees are satisfied that it followed the policy in full over the period.
Stewardship/relationship with managers The Trustees' policy is to encourage investment managers to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.	The Trustees have yet to engage in any meaningful way with the investment managers.	The Trustees acknowledge that the policy has not been followed during the reporting year.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities, in UK and overseas markets. Investments in equities will also form part of the strategy for the diversified growth funds and multi-asset funds in which the Scheme invests. A summary of the voting behaviour and most significant votes cast by each of the investment manager organisations for the relevant funds is shown below.

The Scheme currently has primary exposure to equities through four equity funds, LGIM UK Equity Index Fund, LGIM Global Equity 70:30 Index Fund, Schroders UK Equity Fund and Schroders Global Equity Fund, and three diversified growth funds; LGIM Multi Asset (formerly Consensus) Fund, Schroders Diversified Growth Fund and Schroders Dynamic Multi-Asset Fund.



DC assets

Legal and General Investment Management

Fund Information
LGIM Global Equity (70:30) Fund
The fund manager has not provided stewardship code data at present
The manager voted on 99.9% of resolutions of which they were eligible out of 64,914 eligible votes.
Investment Manager Client Consultation Policy on Voting
<p>LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. LGIM's voting policies are reviewed annually and <u>take into account</u> feedback from their clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also <u>take into account</u> client feedback received at regular meetings and/or ad-hoc comments or enquiries.</p>
Investment Manager Process to determine how to Vote
<p>All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.</p>
How does this manager determine what constitutes a 'Significant' Vote?
<p>As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling</p>



their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
 - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

If there are any additional questions on specific votes, please note that LGIM publicly disclose their votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements. The voting disclosures can be found by selecting 'Voting Report' on the following page:

https://documentlibrary.lgim.com/documentlibrary/library_55458.html

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Imperial Brands plc	Resolution 2 Approve Remuneration Report.	LGIM voted against both resolutions	Resolution 2 received 40.26% votes against, and 59.73% votes of support.
LGIM are concerned over the ratcheting up of executive pay; and LGIM believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.			
JPMorgan Chase & Co	Resolution 1c Elect Director Todd A. Combs	LGIM voted against the resolution	96.1% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
Johnson & Johnson	Resolution 1e Elect Director Alex Gorsky	LGIM voted against the resolution	93.4% of shareholders supported the resolution



LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
NVIDIA Corporation	Resolution 1g Elect Director Harvey C. Jones	LGIM voted against the resolution	94.2% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			
The Home Depot, Inc.	Resolution 1I Elect Director Craig A. Menear	LGIM voted against the resolution	92.8% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			

Fund Information			
LGIM UK Equity Index Fund			
The fund manager has not provided stewardship code data at present			
The manager voted on 100% of resolutions of which they were eligible out of 9,923 eligible votes.			
Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Imperial Brands plc	Resolution 2 Approve Remuneration Report	LGIM voted against both resolutions	Resolution 2 received 40.26% votes against, and 59.73% votes of support
LGIM are concerned over the ratcheting up of executive pay; and LGIM believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.			
EVRAZ Plc	Resolution 3 Re-elect Alexander Abramov as Director	LGIM voted against the resolution	82.8% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			
Grafton Group Plc			

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	Resolution 3a Re-elect Michael Roney as Director	LGIM voted against the resolution	66.5% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			
Carnival Plc	Resolution1 Re-elect Micky Arison as Director of Carnival Corporation and as a Director of Carnival plc	LGIM voted against the resolution	94.3% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			
Balfour Beatty Plc	Resolution 4 Re-elect Philip Aiken as Director	LGIM voted against the resolution	78.0% of shareholders supported the resolution
LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.			

Fund Information

LGIM Multi-Asset Fund (Formerly Consensus) Fund

The fund manager has not provided stewardship code data at present

The manager voted on 99.8% of resolutions of which they were eligible out of 77,577 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
NextEra Energy, Inc.	Resolution 1h Elect Director James L. Robo	LGIM voted against the resolution	88.1% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
Union Pacific Corporation	Resolution 1d Elect Director Lance M. Fritz	LGIM voted against the resolution	90.5% of shareholders supported the resolution



LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
Prologis, Inc.	Resolution 1.a Elect Director Hamid R. Moghadam	LGIM voted against the resolution	93.5% of shareholders supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			
American Tower Corporation	Resolution1i Elect Director Pamela D.A. Reeve	LGIM voted against the resolution	94.7% of shareholder supported the resolution
LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.			
Alibaba Group Holding Limited	Resolution 1.1 - Elect Director Joseph C. Tsai	LGIM voted against the resolution	73.6% of shareholder supported the resolution
LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).			

Schroders Investment Management

Voting Information
Schroders Global Equity Fund
The fund manager has not provided a stewardship code data at present.
The manager voted on 92.6% of resolutions of which they were eligible out of 2,270 eligible votes.
Investment Manager Client Consultation Policy on Voting
In order to maintain the necessary flexibility to meet client needs, local offices at 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 this is available for the type of investment(s) they hold with Schroders.
Investment Manager Process to determine how to Vote



Schroders evaluate voting issues arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what Schroders deem to be the interests of their clients. Schroders utilise company engagement, internal research, investor views and governance expertise to confirm their intention. Further information can be found in their Environmental, Social and Governance Policy for Listed Assets policy: <https://www.schroders.com/en/sysglobalassets/global-assets/english/campaign/sustainability/integrity-documents/schroders-esg-policy.pdf>

How does this manager determine what constitutes a 'Significant' Vote?

Schroders consider "most significant" votes as those against company management.

Schroders are not afraid to oppose management if they believe that doing so is in the best interests of shareholders and their clients. For example, if Schroders 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 they will inform the company of their intention to vote against before the meeting, along with their rationale. Where there have been ongoing and significant areas of concerns with a company's performance, Schroders may choose to vote against individuals on the board.

However, as active fund managers they usually look to support the management of the companies that they invest in. Where Schroders do not do this, they classify the vote as significant and will disclose the reason behind this to the company and the public.

Does the manager utilise a Proxy Voting System? If so, please detail

Schroders receive research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on their policies, Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

It is important to stress that Schroders own research is also integral to their final voting decision; this will be conducted by both their financial and ESG analysts. For contentious issues, their 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.

Schroders continue to review their voting practices and policies during their ongoing dialogue with their portfolio managers. This has led Schroders to raise the bar on what they consider 'good governance practice.'



Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Intuit Inc.	Ratify Ernst & Young LLP as Auditors	Against Management	Voted against Company Management
Excessive auditor tenure.			
Visa Inc.	Advisory Vote to Ratify Named Executive Officers' Compensation	Against Management	Voted against Company Management
The minimum vesting period is less than three years.			
Siemens AG	Amend Articles Re: Allow Shareholder Questions during the Virtual Meeting	Against Management	Voted against Company Management
Positive for shareholders.			
The Walt Disney Company	Ratify PricewaterhouseCoopers LLP as Auditors	Against Management	Voted against Company Management
Excessive auditor tenure.			
Ping An Insurance (Group) Company of China, Ltd.	Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights for H Shares	Against Management	Voted against Company Management
Excessive dilution.			

Voting Information
Schroders UK Equity Fund

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The fund manager has not provided a stewardship code data at present.			
The manager voted on 99.8% of resolutions of which they were eligible out of 1,006 eligible votes.			
Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
British American Tobacco plc	Approve Remuneration Report	Against Management	Voted against Company Management
Continued increases in fixed pay.			
Pearson Plc	Authorise the Company to Call General Meetings with Two Weeks' Notice	Against Management	Voted against Company Management
Not in shareholders' best interests.			
Unilever Plc	Approve Remuneration Report	Against Management	Voted against Company Management
Targets in pay dependent on discretion rather than performance.			
BP Plc	Approve Shareholder Resolution on Climate Change Targets	Against Management	Voted against Company Management
A vote against this resolution is given on the premise that the company in the past year has set industry-leading climate targets; largely relating to the use of absolute emissions reduction targets compared to intensity-based targets and the numerous timescales and scopes (scope 1+2+3) at which reductions are set.			
Ocado Group Plc	Approve Remuneration Report	Against Management	Voted against Company Management
Pay very short term focussed with lack of disclosure.			

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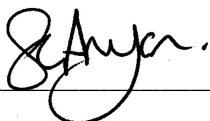


Voting Information			
Schroders Diversified Growth Fund			
The fund manager has not provided a stewardship code data at present.			
The manager voted on 93.6% of resolutions of which they were eligible out of 1,728 eligible votes.			
Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Lundin Energy AB	Reelect C. Ashley Heppenstall as Director	Against Management	Voted against Company Management
Over boarding concerns.			
XP Power Ltd	Approve Remuneration Report	Against Management	Voted against Company Management
Excessive increases in salary and incentives.			
Keppel DC REIT	Approve Issuance of Equity or Equity-Linked Securities with or without Pre-emptive Rights	Against Management	Voted against Company Management
Excessive dilution.			
Domino's Pizza Group Plc	Re-elect Kevin Higgins as Director	Against Management	Voted against Company Management
As the head of the remuneration committee, Schroders have voted against due to poor pay practices.			



British American Tobacco plc	Approve Remuneration Report	Against Management	Voted against Company Management
Continued increases in fixed pay.			

There were no votes against management for the Schroders Dynamic Multi-Asset Fund over the reporting period, therefore no significant votes were recorded in this report.

Signed: , Chair of Trustees

Date: 29 July 2022