

# **Euler Trade Indemnity Pension Scheme**

## **Engagement Policy Implementation Statement for the year ending 30 June 2020**

### **Introduction**

The Trustees of the Euler Trade Indemnity Pension Scheme (the 'Scheme') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees believe that they can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 30 June 2020. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

The Trustees, in conjunction with their investment consultant, appoints their investment managers and choose the specific pooled funds or segregated mandates to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments (including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

### **Stewardship - monitoring and engagement**

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to report to the Trustees detailing their voting activity.

The Trustees' also delegate responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

### **Investment manager engagement policies**

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on

how the investment managers engage in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

These policies are publicly available on each investment manager's websites.

### **Exercising rights and responsibilities**

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment managers publish online the overall voting records of the firm on a regular basis.

All investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investment manager behaviour.

The latest available information provided by the investment managers are as follows:

<b>Voting behaviour</b>			
<b>Investment manager</b>	<b>Period</b>	<b>Proportion of votes cast</b>	<b>Proportion of votes against management</b>
LGIM	Year to 31/12/2019	99.5%	16.5%
JP Morgan	01/06/2019 – 31/05/2020	98.1%	8.3%

*Note: The table shows only the managers where the funds are invested entirely or partially in listed equities*

### **Trustees' assessment**

The Trustees plan to consider the environmental, social and governance rating for each fund/investment manager provided by the investment consultant over the coming year, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

Where an investment manager has received a relatively low rating from the investment consultant, the Trustees will consider whether to engage with the investment manager.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

## Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

<b>Investment manager</b>	<b>Engagement Policy (or suitable alternative)</b>
Legal & General Investment Management	<a href="https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf">https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf</a>
Allianz Global Investors GmbH	<a href="https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports">https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports</a>
JP Morgan Asset Management	<a href="https://am.jpmorgan.com/gb/en/asset-management/gim/per/about-us/corporate-governance">https://am.jpmorgan.com/gb/en/asset-management/gim/per/about-us/corporate-governance</a>
PIMCO Europe Ltd	<a href="https://www.pimco.co.uk/en-gb/our-firm/policy-statements">https://www.pimco.co.uk/en-gb/our-firm/policy-statements</a>
Ashmore Group plc	<a href="http://www.ashmoregroup.com/investor-relations/corporate-social-responsibility">http://www.ashmoregroup.com/investor-relations/corporate-social-responsibility</a>
Barings (U.K.) Limited	<a href="https://bwebprod.azureedge.net/assets/user/media/Barings-Public-Equities-ESG-Integration-Active-Engagement-Policy.pdf">https://bwebprod.azureedge.net/assets/user/media/Barings-Public-Equities-ESG-Integration-Active-Engagement-Policy.pdf</a>
M&G Investment Management	<a href="https://docs.mandg.com/docs/corporate/MandG-Shareholder-Rights-Directive-Engagement-Policy.pdf">https://docs.mandg.com/docs/corporate/MandG-Shareholder-Rights-Directive-Engagement-Policy.pdf</a>