

Engagement Policy Implementation Statement

Swansea University Pension Scheme (the “Scheme”)

The Engagement Policy Implementation Statement (“EPIS”) has been prepared by the Trustees and covers the Scheme year 1 August 2021 to 31 July 2022.

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the “Regulations”). The Regulations require that the Trustees produce an annual statement which outlines the following:

1. Explain how and the extent to which the Trustees have followed their engagement policy which is set out in the Statement of Investment Principles (“SIP”).
2. Describe the voting behaviour by or on behalf of the Trustees (including the most significant votes cast) during the Scheme year and state any use of third party provider of proxy voting services.

Scheme stewardship policy

The below bullet points summarise the Scheme’s stewardship policy in force over the majority of the Scheme year to 31 July 2022.

The full SIP can be found here: <https://www.swansea.ac.uk/finance-swansea-university/pensions/sip-swansea-university-pension-scheme/#bbq=on>

- The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately this creates long-term financial value for the scheme and its beneficiaries.
- As part of their delegated responsibilities, the Trustees expect the Scheme’s investment managers to:
 - Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
 - Exercise the voting rights in relation to the Scheme’s assets.
- The Trustees regularly review the continuing suitability of the appointed investment managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed investment managers.
- The Trustees review the stewardship activities of their investment managers on an annual basis, covering both engagement and voting actions.
- The Trustees will engage with their investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned

Scheme stewardship activity over the year

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with a monitoring reports being provided to the Trustee by Aon. The reports include ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies and is designed to assess

whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Further information on Aon's ESG ratings can be found here: [Guide-To-Aons-ESG-Ratings.aspx](#)

Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Aon have brought to the Trustees attention that Insight and LGIM have a rating of integrated. This means that the fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio. Abrdn, Schrodgers, and M&G do not have an ESG rating, as the funds the Scheme is invested in are 'Sell' rated and a further breakdown is not available. The Trustees are not provided with an ESG rating for Aon Investment Limited ("AIL"), as Aon does not rate AIL funds to avoid conflicts of interest.

In addition to the stewardship information gathered for review and disclosure as part of this engagement policy implementation statement, the Trustees also collected cost data through ClearGlass from all of their investment managers. Once the report is finalised for calendar year 2021, it will be reviewed by their investment advisors and brought to the Trustees attention, highlighting any engagements that may be recommended.

Voting and Engagement activity – Equity and multi-asset funds

Over the year, the material equity and multi-asset investments held by the Scheme were:

MFS Investment Management ("MFS")	MFS Global Equity
Schroder Investment Management ("Schrodgers")	Schrodgers Global Active Value
Legal & General Investment Management ("LGIM")	World Equity Index Fund World Equity Index Fund - GBP Currency Hedged
Aberdeen Standard Investments ("Abrdn")	Global Absolute Return Strategy

In this section there is a summary of voting information and examples of significant voting activity for each of the Scheme's relevant managers. The investment managers provided examples of 'significant' votes they participated in over the period. Each manager has their own criteria for determining whether a vote is significant. Examples of what might be considered a significant vote are:

- 1) a vote where a significant proportion of the votes (e.g. more than 15%) went against the management's proposal
- 2) where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting
- 3) a vote that is connected to wider engagement with the company involved
- 4) a vote that demonstrates clear and considered rationale
- 5) a vote that the Trustees consider inappropriate or based on inappropriate rationale
- 6) a vote that has significant relevance to members of the Scheme

The Trustees consider a significant vote as one which the voting manager deems to be significant or a vote where more than 15% of votes were cast against management

MFS Investment Management (“MFS”) – Global Equity Fund

Voting Policy

MFS has an agreement with Institutional Shareholder Services (“ISS”) to perform various proxy voting-related administrative services, such as vote processing and recordkeeping functions. It also receives research reports and vote recommendations from ISS and Glass Lewis. MFS analyses all proxy voting issues within the context of its proxy policies, which are developed internally and are independent of third-party proxy advisory firms. MFS’ voting decisions are not defined by any proxy advisory firm’s recommendations. MFS has due diligence procedures in place to help ensure that the research it receives from its proxy advisory firms is accurate and reasonably addresses any potentially material conflicts of interest of such proxy advisory firms.

MFS has been a signatory to the United Nations Principles for Responsible Investment since 2010.

Voting Example

In November 2021, MFS voted against the management’s proposal of a software company to re-elect the members of the compensation committee. MFS voted this way because multiple years of low-level support for the executive compensation plan indicates that the compensation committee has demonstrated insufficient responsiveness to shareholder concerns. The proposal was passed. MFS expects the compensation committee to engage with shareholders in order to understand their concerns and demonstrate accountability by making meaningful changes to the executive compensation program so that it better aligns with the expectations of shareholders.

Engagement Policy

MFS’ engagement activity is conducted on a firm-wide level. MFS’ proxy voting team engages in a dialogue with a company or other stakeholders to enhance its understanding of certain matters that are of concern to shareholders, or regarding certain thematic topics for its proxy voting committee. Some of the issues MFS discusses with company management teams, board members and other company representatives include executive compensation, director accountability, and environmental, social and governance issues.

When engaging with companies, the proxy voting team aims to:

- explain the rationale behind their proxy votes;
- exchange views on relevant Environmental, Social and Governance (“ESG”) issues; and
- potentially effect positive change with respect to such issues.

Engagement example

In Q4 2021, MFS engaged with PPG Industries Inc, a global supplier of paints, coatings and speciality materials, regarding a number of ESG items but more specifically around how MFS approaches important industry issues such as sustainability and succession planning. MFS engaged regarding the potential growth of the company’s sustainable products. MFS also engaged on the subject of tracking water stress with the intent to continue this conversation in future engagements. MFS questioned the voluntary front line staff turnover in the firm which is higher than the company’s peers. Finally, MFS also opened an engagement item on the approach to cyber security, which is currently outsourced to outside consultants, and the increasing importance that the board is placing on CEO succession planning.

The engagement was carried out by MFS’s analyst and stewardship teams. MFS will continue to track and monitor this engagement in the future.

Schroder Investment Management (“Schroders”) - Global Active Value

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.

Voting Example

In June 2022, Schroders voted against the management of Alphabet, a multinational technology conglomerate, but for a resolution to report on risks of doing business in countries with significant human rights concerns. Schroders voted in this way as it believes that shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries. Schroders considers this vote as significant as it is a vote against management but also because it is related to an environmental and social shareholder resolution. The outcome of this vote is not yet available, but Schroders will continue to hold ongoing dialogue with the company.

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

Schroders engaged with PepsiCo (“Pepsi”) regarding pollution and waste. Schroders had a call with the company’s Sustainable Officer and investor relations regarding Pepsi’s recycling goals. Within the discussion with Pepsi, Schroders encouraged the company to transition fully to common resins for the entirety of the company’s packaging and to move to printing directly on packaging versus using printed labels. Both of these measures would increase the recyclability of Pepsi’s packages, aid in efforts to mitigate plastic waste and improve the company’s environmental impact on an ongoing basis.

As Pepsi form part of the larger group of market leaders in food & drink industry, Schroders believes that it is critical for the company to acknowledge the environmental impact of current plastic packaging. Schroders therefore used the meeting to encourage improvements to recyclability of the company’s products and inform Pepsi of latest technology for recycled bottles called rPET, short for recycled polyethylene terephthalate, referring to any PET material that comes from a recycled source rather than the original, unprocessed petrochemical feedstock. This bottle allows for greater recycled content. Schroders will continue to engage with PepsiCo on this subject.

Legal & General Investment Management (“LGIM”) – World Equity Index Fund

Voting

LGIM uses proxy voting adviser Institutional Shareholder Services (“ISS”) to execute votes electronically and for research. LGIM also receives research from the Institutional Voting Information Service (“IVIS”). This augments LGIM’s own research and proprietary Environmental, Social and Governance (“ESG”) assessment tools. LGIM does not outsource any part of the voting decisions to ISS. LGIM has a custom voting policy in place with ISS. This seeks to uphold what LGIM considers to be best practice standards companies should observe. LGIM can override any voting decisions based on the voting policy if appropriate. For example, if engagements with the company have provided additional information.

Voting example

In March 2022, LGIM voted in favour of a resolution to report on civil rights for Apple Inc., an American multinational technology company. LGIM states it voted in this way because it supports proposals related to diversity and inclusion policies as it considers these issues to be a material risk to companies. The outcome of the vote was that it was passed. LGIM deemed this vote significant as LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.

Engagement

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, and
6. Reporting to stakeholders on activity.

LGIM monitors several ESG subjects and conducts engagement on various issues. Its top five engagement topics 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 their clients.

More information can be found on LGIM’s engagement policy https://www.lgim.com/landq-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf.

Engagement Example (Fund Level)

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

Aberdeen Standard Investments (“Abrdn”) – Global Absolute Return Strategy

Voting

Abrdn utilises the services of ISS for all its voting requirements. Abrdn views all votes as significant and votes on all shares globally for which it has voting authority, unless there are significant voting obstacles such as share blocking. In line with the Pensions and Lifetime Savings Association (“PLSA”) requirements, Abrdn identifies and records what it deems to be the most significant votes across all its holdings. Abrdn has identified five categories of votes it considers as significant and has ordered these based its view of their importance. The five categories are:

- 1) High Profile Votes: votes which receive public and press interest, reflect significant governance concerns regarding the company or resolutions proposed by Abrdn
- 2) Shareholder and Environmental & Social (“E&S”) Resolutions: votes on shareholder E&S proposals where Abrdn has engaged with the proponent or company on the resolution, votes on management-presented E&S proposals or shareholder proposals where Abrdn has voted contrary to management recommendations
- 3) Engagement: where Abrdn has engaged with the company on a resolution or where post-engagement Abrdn voted contrary to its custom policy
- 4) Corporate Transactions: elected votes which have a financial impact on the investment with a focus on acquisitions
- 5) Votes contrary to custom policy: large active holdings where Abrdn has voted contrary to custom policy following analysis

Voting example

In November 2021, Abrdn voted against the management of Microsoft but for a shareholder resolution regarding reporting on gender and racial pay gap. Abrdn acknowledges that while the company reports on its commitments to pay equity, more consistent data could increase accountability for diversity efforts and provide shareholders with useful information about how effectively management is assessing mitigating risks that may rise from inequitable worker treatment. Abrdn considers this vote as significant because the vote was a shareholder proposal regarding social factors and the vote was against management.

Engagement

Abrdn aims to maintain close contact with the companies and assets in which it invests. Abrdn holds regular engagement programme meetings to discuss various relevant ESG issues, including areas like strategy and performance, risk management, board composition, remuneration, audit, climate change, labour issues, diversity and inclusion, human rights, bribery and corruption.

There are four categories for Abrdn’s engagements, which are review, respond, enhance and thematic. ‘Review’ engagements are part of its ongoing due diligence and frequent interactions led by the analyst responsible for oversight of the investment and will usually be attended by other members of relevant investment teams. ‘Respond’ is a type of engagement that allows Abrdn to react to an event that may impact a single investment or a selection of similar investments. ‘Enhance’ is an engagement designed to seek change that, in Abrdn’s view, would enhance the value of its investment. Lastly, ‘thematic’ engagements result from its focus on a particular ESG theme such as climate change, diversity and inclusion or modern slavery.

Abrdn records concerns and issues raised with its investments and set timeframes within which it expects its concerns to be addressed. To do this, Abrdn has defined a lifecycle steps for its concerns:

1. Identify
2. Acknowledge
3. Plan

4. Execute
5. Close

More information can be found on Abrdn's voting and engagement policies here:

https://www.abrdn.com/docs?editionId=50636955-103f-47cb-86e2-036aec4d30d4&_ga=2.3007792.1084981515.1625754520-1358126225.1625589512

Engagement example (firm level)

Abrdn regularly engaged with General Motors ("GM"), an automotive manufacturer, throughout 2020 and 2021. In Q3 2021, Abrdn engaged with the company to question how the company is ensuring diversity and inclusion within its business. The engagement was direct with the company and was with various stakeholders across the business including Investor Relations and Senior Management.

Following the engagement, GM committed to disclose its Equal Employment Opportunity ("EEO-1") data in 2022. Abrdn also discovered that GM's Inclusion Advisory Board was commissioned alongside the appointment of a Chief of Diversity and Inclusion to oversee GM's commitments and memberships to industry diversity groups.

Engagement activity – fixed income funds

Whilst voting rights are not applicable to non-equity mandates, the Trustees recognise that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, and so debt issuers have a vested interest to make sure that investors are happy with the issuer's strategic direction and policies. Whilst upside potential may be limited in comparison to equities, downside risk mitigation and credit quality are critical parts of the investment decision-making process.

The following examples demonstrate some of the engagement activity carried out by the Scheme's fixed income managers over the year.

Insight Investment ("Insight") - Bond Plus Fund

Engagement

Insight proactively engages on industry and regulatory issues that have implications for its clients and the wider market. Insight's credit analysts regularly meet with issuers to discuss ESG-related issues. Insight's engagements inform its credit analysts' views of companies and provide a platform for increased transparency on ESG issues and ongoing engagement to change company behaviour, where appropriate.

The credit analysts identify the engagement issues relevant for each issuer. If Insight does not already have regular meetings with a company's management, its investment teams will request a meeting with them. Where this is not possible, or if Insight deems additional action to be needed, Insight may consider raising issues with the company's broker. If Insight does not receive a response from the issuer when it engages with it then Insight will lead a wider collaborative initiative, via the PRI or with other investors, to achieve greater influence over the issuer. It is involved in long-term initiatives such as Climate Action 100+ (CA100+).

Engagement example

In Q3 2021, Insight engaged with the company British American Tobacco ("BAT") about human and labour rights. Insight decided to engage with BAT because it rated BAT 3 out of 5 for its overall ESG rating and it scored below average in social and governance areas.

Insight engaged with the company twice during 2021 and overall was satisfied by BAT's response. As a result of the engagement, the company set two targets. The first was for all BAT's suppliers to have human right due diligence in place. The second target was for BAT to have at least 45% of leadership positions held by women. Insight will monitor BAT's progress against the targets at future engagements.

Engagement activity –property

The Trustees acknowledge that the ability of property managers to engage with and influence investee companies may be less compared to equity managers. However, it is encouraging to see from the information they provided for the EPIS that the managers are aware and active in their role as stewards of capital.

The following section demonstrates some of the engagement activity being carried out by the Scheme's property managers over the year.

M&G - UK Property Fund

Engagement

M&G developed its engagement process through adopting the Sustainable Accounting Standards Board ("SASB") framework. It uses this framework to structure its research and engagement activity, allowing it to incorporate ESG factors into the investment process for its holdings at all stages. On a case-by-case basis, M&G would submit its own response, if its views are expressly different to those of its peers or if the matter is of material consequence to its business, clients and the communities it serves. It provides technical feedback on ESG topics to regulators. Feedback is provided by both its trade bodies and directly to relevant national competent authorities, such as the Financial Conduct Authority, Prudential Regulation Authority and other rule makers in its key markets.

Engagement example (firm level)

Over 2021, M&G engaged with pharmaceutical company, Cheplapharm, on its governance, board composition and fair pricing. M&G's aim was to encourage the company to introduce a supervisory board to ensure there was sufficient challenge to management in its decision-making processes. M&G also wanted to ensure that appropriate measures were in place to manage the risks surrounding the pricing of medicines.

M&G met with Cheplapharm to discuss its ESG strategy, to encourage improved practices in relation to governance, and to ensure it was comfortable with the fair and ethical practices in relation to pricing. M&G believed the engagement went positively with a commitment by the company to bolster its board and to look into publishing its pricing policy.

Voting and Engagement activity – Hedge Funds

The Trustees delegate the management of some of the Scheme's assets to AIL Investments Limited ("AIL").

AIL Active Diversifiers Strategy

The Trustees recognise that the investment processes and the nature of alternative investments may mean that stewardship is less practicable or may be less relevant for certain types of strategy. For example, hedge fund strategies are often implemented using derivatives and can involve short-term trading of securities. This limits the manager's ability to engage with the underlying holdings. Given the market conditions over the period, the Active Diversifiers Strategy was tilted towards short-term trading strategies as AIL sees them as better equipped to navigate these markets.

The Trustees appreciate that it may be difficult for these types of managers to carry out traditional engagement activities. Nevertheless, the Trustees expects that, where possible, most managers engage with issuers or companies they invest in, should they identify concerns that may be financially material.

Marshall Wace – Market Neutral ESG Tops Fund

Voting

As discussed above, in most cases the funds Marshall Wace manages do not own shares, and consequently do not have voting rights. But where it believes it to be in the best interest of its clients,

Marshall Wace may arrange to hold shares physically so that it can exercise the voting rights. This is most likely to occur where the result of a vote is likely to have a particularly significant impact on the valuation of that company's shares.

Where applicable, Marshall Wace aims to exercise the proxy voting rights of the funds it manages at all shareholder meetings. It considers a range of factors that affect the value of its investments and endeavours to act solely in the interest of the funds. When making voting decisions, Marshall Wace considers the facts and circumstances of each case and will act in accordance with its Conflicts of Interest policy.

Marshall Wace's policy is to follow the advice provided by its proxy voting adviser, Glass Lewis. However, it may decide not to vote in accordance with this advice if it believes such action will better achieve the desired outcomes for its clients.

Voting example

In March 2022, Marshall Wace voted against the management of Highland Transcend Partners, a capital market company, on a proposal on the issuance of common stock. Marshall Wace voted this way because it was in line with its bespoke voting policy.

Engagement

Marshall Wace views engagement as a long-term process and believes that it is an effective tool to achieve meaningful change. Marshall Wace engages with investee companies on a wide range of topics. Marshall Wace aims to foster a constructive and collaborative relationship with the companies in which the funds it manages have positions.

Marshall Wace focuses its engagements activities on the governance and stewardship issues that it considers are the most significant to generating shareholder value. Typically, these include corporate strategy, board issues (such as its leadership, composition and incentivisation), financing, corporate actions such as major acquisitions or disposals, management of risks, and overall performance.

Engagement Example (firm level)

In 2022, Marshall Wace engaged with Repligen, a company that develops and produces materials used in the manufacture of biological drugs, on a number of ESG topics. From the engagement, Marshall Wace noted that the company performs well on governance, supply chain practices, increasing ESG disclosure and board diversity.

Repligen stated it was looking at making disclosures aligned with the Taskforce for Climate-related Financial Disclosures and sought guidance and feedback from Marshall Wace. Marshall Wace noted that Repligen's packaging strategy was innovative and ahead of its peers. Marshall Wace asked about its greenhouse gas emissions targets but the company confirmed that it had not yet set any. Marshall Wace will continue to engage with the company.

Boussard and Gavaudan ("BG") BG Fund

Voting

In the pursuit of diversified returns, BG implements multiple strategies. Some of these involve short-term trading of lots of securities which makes voting impractical. As a result, BG generally votes when it has a material interest to do so for the benefit of its investors. This could be when its holding in the company represents a material proportion of BG's assets under management or BG holds a significant proportion of the company's voting rights.

BG votes in accordance with its guidelines. It will generally support a management initiative, if its view of the company's management is favourable. BG will generally vote to change the management structure of an issuer, if it would lead to an increase in shareholder value. It will generally vote against management, if there is a clear conflict between the issuer's management and shareholder interest.

BG evaluates all votes on a case-by-case basis. There may be a situation where BG decides, in the best interests of its client, to deviate from its voting policy or abstain from voting. In this event, it will document in writing the reason for this.

Voting Example

In May 2022 BG voted against the management of SPIE, a technical engineering solutions provider, on a proposal which would give the Board authority to decide a share capital increase and thus preferential subscription rights. BG voted against the resolution because it does not believe that a company should be able to increase share capital without consulting with its shareholders nor should shareholders be penalised by giving preferential terms to management. The vote passed but BG continues to vote against management for these types of resolutions.

Engagement

BG engages with investee companies to improve its understanding of a company's business, culture and governance process, and also to discuss any specific concerns or opportunities. Its engagements typically include the following topics:

- Corporate capital and financing structure
- Divergence by the company from its stated strategic objectives.
- Controversies that arise with potential to impact shareholder value, including environmental, social and governance matters.

BG has an engagement policy that sets out how it engages with investee companies. The implementation of this policy is reported publicly on an annual basis. More information can be found here https://www.boussard-gavaudan.com/files/upload/Regulatory-disclosure/Engagement_Policy_2020_FINAL.pdf

Engagement Example

In Q2 2021, BG engaged with an asset management company that it considered was lagging on ESG issues. BG were keen to see improvements from the company, including in its ESG score from a third-party ESG rating agency. Later in the year, the company started to improve its ESG reporting and disclosures which resulted in a significant improvement to its ESG rating.

Executive summary

Based on the activity over the year by the Trustees and their investment managers, the Trustees believe that the stewardship policy has been implemented effectively. The Trustees note that most of their investment managers were able to disclose evidence of voting and engagement activity. The Trustees expect improvements from Abrdn on its voting activity. The Trustees also expect to see an improvement in the voting activity of Boussard and Gavaudan and Marshall Wace which are underlying managers of the AIL Active Diversifiers Strategy.

The Trustees expect improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

Appendix

Voting Statistics for the year ending 30 June 2022.

The table below shows the voting statistics for the material equity and hedge funds the Scheme invests in for the year to 30 June 2022. Investment managers produce stewardship information on a quarterly basis hence the voting information included within this statement is over the period 1st July 2021 – 30th June 2022.

	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
MFS Global Equity Fund	1,432	100.0%	5.2%	0.0%
LGIM World Equity Index Fund	38,574	99.8%	20.3%	0.7%
Schroders Global Active Value	7,841	97.4%	12.0%	0.0%
Aberdeen Global Absolute Return Strategy	162	72.2%	15.4%	0.9%
Boussard and Gavaudan BG Fund	2,862	29.9%	0.8%	0.7%
Marshall Wace Tops Fund Class A GBP Series	3,994	73.0%	9.0%	27.0%

Source: Managers