

## **Martin Currie Retirement and Death Benefits Plan (“The Plan”) - Investment Accounting Disclosures**

### **Trustee Policies**

This section sets out the policies in the Statement of Investment Principles (“SIP”) in force at the Plan year end, relating to the following:

- Financially Material considerations
- Non-Financial considerations

Stewardship including the exercise of voting rights and engagement activities is set out in the ‘Voting and Engagement’ section.

The Trustee updated the SIP after the Plan year end to include policies required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and will include those policies going forward.

### **Financially Material Considerations and Non-Financial Considerations**

*The Trustee understands that it must consider all financially relevant factors in making investment decisions on behalf of the Plan. However, it may also consider any non-financial factors, to the extent that they have the ability to impact the financial results of the Plan’s investments over the duration of the Plan, if they believe that such factors reflect the views of members.*

*The Trustee recognises that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Plan’s portfolio and it is therefore in members’ and the Plan’s best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.*

*The Trustee believes that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.*

*Therefore, the Trustee will work with the Investment Consultant to help select the investment managers that have passed the initial ESG screening. ESG screening will involve some of the following activities, but is not limited to: ensuring the managers are signatories to UNPRI, reviewing the managers’ own ESG policies, investigating the extent to which these policies are integrated into their standard procedures of investment research and analysis etc. As part of the Mercer Manager Research Team appraisal process, investment managers are rated on a number of quantitative and qualitative factors, ESG considerations are taken into account in this process. This process is also applied to existing investment managers.*

*The Trustee is aware of the investment managers’ approaches to social, environmental and ethical factors with respect to their selection of investments and is satisfied that a responsible approach, which is consistent with the long-term financial interests of the Plan and its members, is undertaken.*

*As noted earlier, the Plan’s assets are invested in pooled funds. The Trustee has identified that the influence it can have on the social, environmental and ethical policies and practices, including climate change considerations, of the companies in which its managers invest, is potentially limited. The Trustee will continue to review the available products and approaches in this space and strive for the*

Plan to continue to deliver strong risk-adjusted returns, incorporating responsible investment principles into the process, where possible.

## Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Plan year. The Trustee has appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Plan's behalf.

This statement provides a summary of the key information and summarises Minerva's findings on behalf of the Plan over the Plan year.

### Voting and Engagement Policy and Funds

The Trustee's policy on stewardship and responsible investment is set out below in the SIP dated September 2020:

#### *Corporate Governance and Voting Policy*

*The Trustee has concluded that the decision on how to exercise voting rights should be left with their investment managers, who will exercise these rights in accordance with their respective published proxy voting policies. These policies, which are provided to the Trustee from time to time, take into account the financial interests of shareholders and should be for the Plan's benefit. Where this primary consideration is not prejudiced, the investment manager should engage with companies to take account of ESG factors, including climate change considerations, in the exercise of such rights.*

*The Trustee notes that the investment managers' proxy voting policies are available on request and on their respective websites.*

*Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee will exercise its right in accordance with what it believes to be the best interests of the majority of the Plan's membership.*

#### *Stewardship*

*The Trustee will monitor the performance, strategy, risks, ESG policies, including climate change considerations, and corporate governance of the investment managers. If the Trustee has any concerns, they will raise them with the respective managers, verbally or in writing.*

The table below sets out the funds the Plan invested in over the Plan year and states the use of a proxy voter:

Fund / Product Manager	Investment Fund/Product	Made Via	Scheme / Inv Type	Period Start Date	-	Period End Date	'Proxy Voter' Used?
BMO	BMO Real Dynamic LDI Fund	Platform	DB Fund	01/06/19	-	31/05/20	N/A
Columbia Threadneedle	Columbia Threadneedle Multi-Asset Fund	Platform	DB Fund	01/06/19	-	03/12/19	?
Investec	Investec Global Total Return Credit Fund	Platform	DB Fund	01/06/19	-	11/03/20	?
Nordea	Nordea Diversified Return Fund	Platform	DB Fund	01/06/19	-	02/12/19	ISS and NIS
Partners Group	Partners Group Generations Fund	Platform	DB Fund	26/11/19	-	31/05/20	None
Payden & Rygel	Payden Absolute Return Bond Fund	Platform	DB Fund	01/06/19	-	11/03/20	N/A
Standard Life	Standard Life Long Corporate Bond Fund	Platform	DB Fund	01/06/19	-	31/05/20	?
Martin Currie	Martin Currie Investment - Segregated portfolio	Manager	Seg. Portfolio	01/06/19	-	31/05/20	?

🔍 Not confirmed by Manager    N/A = not applicable

ISS and NIS are proxy voting services , N/A – not available/not applicable

### Exercise of voting rights

The voting activity was requested from all of the Plan’s managers, however, it is generally expected that voting activity wouldn’t take place in LDI or Corporate Bond funds. Only Nordea and Partners Group provided a response but Minerva were unable to use the data to conclude if these managers had followed their own policy. Please see section on ‘Outstanding Information’ for further details.

### Manager Voting Behaviour

The Trustee believes that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, they expect the Plan’s managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour of each manager where disclosed by the manager.

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
Nordea	Nordea Diversified Return Fund	?	?	?	88.47%	10.88%	0.65%
Partners Group	Generations Fund	51	743	100.0%	90.0%	7.0%	3.0%

? Not confirmed by Manager

### Significant Votes

Partners Group has defined its significant votes based on the size of the holding.

Nordea has not provided sufficient voting data to allow Minerva to identify significant votes. Furthermore, Nordea has not identified any significant votes from their perspective.

Set out in the following table is a summary of the Plan’s manager’s significant voting behaviour.


Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?	Vote Rationale
Partners Group	Generations Fund	Ferrovial	16/04/2020	Remuneration report, intending to provide shareholders information and a voice on the implementation of the remuneration policy.	Against	Passed	Size of holding in fund	Inadequate disclosure of performance targets linked to remuneration

### Manager Engagement Information

The Trustee believes that an important part of responsible oversight is for the Plan’s investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG. As such, they expect the Plan’s managers to engage with investee companies where they have identified any such issues.

Set out in the table overleaf is Minerva’s summary of Plan’s managers reported engagement activity.

		Summary of Company Engagement Activity										Outcomes	
		Corporate Governance							Sustainability				
Manager	Fund	No.	Strategy	Audit & Report.	Board	Capital	Corp. Action	Remun	Shrhdr Rights	Environment	Social	Resolved	Open
BMO	BMO Real Dynamic LDI Fund	82	?	?	?	?	?	?	?	50%	34%	?	?
Nordea	Nordea Diversified Return Fund	32	?	?	?	?	?	?	?	71.9%	21.9%	?	?
Partners Group	Generations Fund	?	?	?	?	?	?	?	?	?	?	?	?

 Not confirmed by Manager

### Outstanding Information

This section sets out the status of outstanding information Minerva have requested on the Trustee's behalf.

Fund / Product Manager	Investment Fund/Product	Information Request Acknowledged	Voting Info Available?	Engagement Info Available	Info Rec'd by Minerva Deadline
BMO	BMO Real Dynamic LDI Fund				
Columbia Threadneedle	Columbia Threadneedle Multi-Asset Fund				
Investec	Investec Global Total Return Credit Fund				
Nordea	Nordea Diversified Return Fund				
Partners Group	Partners Group Generations Fund				
Payden & Rygel	Payden Absolute Return Bond Fund				
Standard Life	Standard Life Long Corporate Bond Fund				
Martin Currie	Martin Currie Investment - Segregated portfolio				

 Positive response    Partial response\*    Negative response    Not confirmed by Manager    No VEI information to report   N/A = not applicable

\*Partial response in the context of investments made via the Mobius Life platform means that whilst Mobius themselves acknowledged Minerva's VEI requests and passed them on to the relevant managers, the managers did not in turn provide the requested information directly to Minerva.

Minerva is continuing to engage with the relevant managers on the identification and provision of any missing VEI information and will provide the Plan with an updated version of this report as soon as all of the managers have formally reported back, and any information provided has then been analysed.

### Conclusions

Based on the analysis undertaken by Minerva they have confirmed that BMO has followed the Trustee's policies. Payden & Rygel said there was no voting or engagement activity to report for the fund. Due to a lack of detailed information provided by Nordea and Partners Group, Minerva was not able to confirm if they followed the Trustee's policies. No information was provided to Minerva by Columbia Threadneedle, Investec, Standard Life or Martin Currie therefore no assessment can be made if they followed the Trustee's policies. The Trustee will seek any outstanding information and will agree a way forward on any actions identified by Minerva once this information is available.