

Stewardship Code Compliance Report

GOVERNANCE AND PURPOSE

Principle	Reporting Expectations	Response
<p>Principle 1</p> <p>Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.</p>	<p>Context Signatories should explain:</p> <ul style="list-style-type: none"> • the purpose of the organisation and an outline of its culture, values, business model and strategy; and • their investment beliefs, i.e. what factors they consider important for desired investment outcomes and why. <p>Activity Signatories should explain what actions they have taken to ensure their investment beliefs, strategy and culture enable effective stewardship.</p> <p>Outcome Signatories should disclose:</p> <ul style="list-style-type: none"> • how their purpose and investment beliefs have guided their stewardship, investment strategy and decision-making; and • an assessment of how effective they have been in serving the best interests of clients and beneficiaries. 	
<p>Principle 2</p> <p>Signatories' governance, resources and incentives support stewardship.</p>	<p>Activity Signatories should explain how:</p> <ul style="list-style-type: none"> • their governance structures and processes have enabled oversight and accountability for effective stewardship within their organisation and the rationale for their chosen approach; • they have appropriately resourced stewardship activities, including: 	

	<ul style="list-style-type: none"> - their chosen organisational and workforce structures; - their seniority, experience, qualifications, training and diversity; - their investment in systems, processes, research and analysis; - the extent to which service providers were used and the services they provided; and • performance management or reward programmes have incentivised the workforce to integrate stewardship and investment decisionmaking. <p>Outcome Signatories should disclose:</p> <ul style="list-style-type: none"> • how effective their chosen governance structures and processes have been in supporting stewardship; and • how they may be improved. 	
<p>Principle 3</p> <p>Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.</p>	<p>Context Signatories should disclose their conflicts policy and how this has been applied to stewardship.</p> <p>Activity Signatories should explain how they have identified and managed any instances of actual or potential conflicts related to stewardship.</p> <p>Outcome Signatories should disclose examples of how they have addressed actual or potential conflicts</p>	
<p>Principle 4</p> <p>Signatories identify and respond to market-wide and systemic risks to promote a well-</p>	<p>Activity Signatories should explain:</p> <ul style="list-style-type: none"> • how they have identified and responded to market-wide and systemic risk(s), as appropriate; • how they have worked with other stakeholders to promote continued improvement of the functioning of financial 	

<p>functioning financial system.</p>	<p>markets;</p> <ul style="list-style-type: none"> • the role they played in any relevant industry initiatives in which they have participated, the extent of their contribution and an assessment of their effectiveness, with examples; and • how they have aligned their investments accordingly. <p>Outcome Signatories should disclose an assessment of their effectiveness in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets.</p>	
<p>Principle 5</p> <p>Signatories review their policies, assure their processes and assess the effectiveness of their activities.</p>	<p>Activity Signatories should explain:</p> <ul style="list-style-type: none"> • how they have reviewed their policies to ensure they enable effective stewardship; • what internal or external assurance they have received in relation to stewardship (undertaken directly or on their behalf) and the rationale for their chosen approach; and • how they have ensured their stewardship reporting is fair, balanced and understandable. <p>Outcome Signatories should explain how their review and assurance has led to the continuous improvement of stewardship policies and processes.</p>	
<p>INVESTMENT APPROACH</p>		
<p>Principle</p>	<p>Reporting Expectations</p>	<p>Response</p>
<p>Principle 6</p> <p>Signatories take account of client and</p>	<p>Context Signatories should disclose:</p> <ul style="list-style-type: none"> • the approximate breakdown of: - the scheme(s) structure, for example, whether the 	

<p>beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.</p>	<p>scheme is a master trust, occupational pension fund, defined benefit or defined contribution, etc;</p> <ul style="list-style-type: none"> - the size and profile of their membership, including number of members in the scheme and the average age of members; <p>OR</p> <ul style="list-style-type: none"> - their client base, for example, institutional versus retail, and geographic distribution; - assets under management across asset classes and geographies; • the length of the investment time horizon they have considered appropriate to deliver to the needs of clients and/or beneficiaries and why <p>Activity</p> <p>Signatories should explain:</p> <ul style="list-style-type: none"> • how they have sought beneficiaries' views (where they have done so) and the reason for their chosen approach; <p>OR</p> <ul style="list-style-type: none"> • how they have sought and received clients' views and the reason for their chosen approach; • how the needs of beneficiaries have been reflected in stewardship and investment aligned with an appropriate investment time horizon; <p>OR</p> <ul style="list-style-type: none"> • how assets have been managed in alignment with clients' stewardship and investment policies; • what they have communicated to beneficiaries about their 	
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	<p>stewardship and investment activities and outcomes to meet beneficiary needs, including the type of information provided, methods and frequency of communication;</p> <p>OR</p> <ul style="list-style-type: none"> • what they have communicated to clients about their stewardship and investment activities and outcomes to meet their needs, including the type of information provided, methods and frequency of communication to enable them to fulfil their stewardship reporting requirements. <p>Outcome</p> <p>Signatories should explain:</p> <ul style="list-style-type: none"> • how they have evaluated the effectiveness of their chosen methods to understand the needs of clients and/or beneficiaries; • how they have taken account of the views of beneficiaries where sought, and what actions they have taken as a result; <p>OR</p> <ul style="list-style-type: none"> • how they have taken account of the views of clients and what actions they have taken as a result; • where their managers have not followed their stewardship and investment policies, and the reason for this; <p>OR</p> <ul style="list-style-type: none"> • where they have not managed assets in alignment with their clients' stewardship and investment policies, and the reason for this. 	
<p>Principle 7 Signatories</p>	<p>Context</p> <p>Signatories should disclose the issues they have prioritised</p>	

systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

for assessing investments, prior to holding, monitoring through holding and exiting. This should include the ESG issues of importance to them.

Activity

Signatories should explain:

- how integration of stewardship and investment has differed for funds, asset classes and geographies;
- how they have ensured:
 - tenders have included a requirement to integrate stewardship and investment, including material ESG issues; and
 - the design and award of mandates include requirements to integrate stewardship and investment to align with the investment time horizons of clients and beneficiaries;

OR

- the processes they have used to:
 - integrate stewardship and investment, including material ESG issues, to align with the investment time horizons of clients and/or beneficiaries; and
 - ensure service providers have received clear and actionable criteria to support integration of stewardship and investment, including material ESG issues.

Outcome

Signatories should explain how information gathered through stewardship has informed acquisition, monitoring and exit decisions, either directly or on their behalf, and with reference to how they have best served clients and/or

	beneficiaries.	
Principle 8 Signatories monitor and hold to account managers and/or service providers.	<p>Activity Signatories should explain how they have monitored service providers to ensure services have been delivered to meet their needs.</p> <p>Outcome Signatories should explain:</p> <ul style="list-style-type: none"> • how the services have been delivered to meet their needs; <p>OR</p> <ul style="list-style-type: none"> • the action they have taken where signatories' expectations of their managers and/or service providers have not been met. 	
ENGAGEMENT		
Principle	Reporting Expectations	Response
Principle 9 Signatories engage with issuers to maintain or enhance the value of assets.	<p>Activity Signatories should explain:</p> <ul style="list-style-type: none"> • the expectations they have set for others that engage on their behalf and how; <p>OR</p> <ul style="list-style-type: none"> • how they have selected and prioritised engagement (for example, key issues and/or size of holding); • how they have developed well-informed and precise objectives for engagement with examples; • what methods of engagement and the extent to which they have been used; • the reasons for their chosen approach, with reference to their 	

	<p>disclosure under Context for Principle 1 and 6; and</p> <ul style="list-style-type: none"> • how engagement has differed for funds, assets or geographies. <p>Outcome Signatories should describe the outcomes of engagement that is ongoing or has concluded in the preceding 12 months, undertaken directly or by others on their behalf.</p>	
<p>Principle 10</p> <p>Signatories, where necessary, participate in collaborative engagement to influence issuers.</p>	<p>Activity Signatories should disclose what collaborative engagement they have participated in and why, including those undertaken directly or by others on their behalf.</p> <p>For example:</p> <ul style="list-style-type: none"> • collaborating with other investors to engage an issuer to achieve a specific change; or • working as part of a coalition of wider stakeholders to engage on a thematic issue. <p>Signatories should provide examples, including</p> <ul style="list-style-type: none"> • the issue(s) covered; • the method or forum; • their role and contribution. <p>Outcome Signatories should describe the outcomes of collaborative engagement.</p> <p>For example:</p> <ul style="list-style-type: none"> • any action or change(s) made by the issuer(s); • how outcomes of engagement have informed investment decisions (buy, sell, hold); and • whether their stated objectives have been met. <p>Examples should be balanced and include instances where the desired outcome has not been achieved or is yet to be achieved.</p>	
<p>Principle 11</p>	<p>Activity Signatories should explain:</p>	

<p>Signatories, where necessary, escalate stewardship activities to influence issuers.</p>	<ul style="list-style-type: none"> • the expectations they have set for asset managers that escalate stewardship activities on their behalf; OR • how they have selected and prioritised issues, and developed well informed objectives for escalation; • when they have chosen to escalate their engagement, including the issue(s) and the reasons for their chosen approach, using examples; and • how escalation has differed for funds, assets or geographies. <p>Outcome Signatories should describe the outcomes of escalation either undertaken directly or by others on their behalf.</p>	
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EXERCISING RIGHTS AND RESPONSIBILITIES

Principle	Reporting Expectations	Response
<p>Principle 12</p> <p>Signatories actively exercise their rights and responsibilities.</p>	<p>Reporting expectations for listed equity and fixed income investments are below. In addition, signatories should report on how they have exercised their rights and responsibilities across other asset classes they are invested in, where they have the ability to do so, as disclosed in their reporting against Principle 6.</p> <p>Context</p> <p>Signatories should:</p> <ul style="list-style-type: none"> • state the expectations they have set for asset managers that exercise rights and responsibilities on their behalf; OR 	

• explain how they exercise their rights and responsibilities, and how their approach has differed for funds, assets or geographies.

In addition, for listed equity assets, signatories should:

• disclose their voting policy, including any house policies and the

extent to which funds set their own policies;

• state the extent to which they use default recommendations of proxy advisors;

• report the extent to which clients may override a house policy;

• disclose their policy on allowing clients to direct voting in segregated

and pooled accounts; and

• state what approach they have taken to stock lending, recalling lent

stock for voting and how they seek to mitigate 'empty voting'.

Reporting expectations for listed equity and fixed income investments

are below. In addition, signatories should report on how they have

exercised their rights and responsibilities across other asset classes

they are invested in, where they have the ability to do so, as disclosed

in their reporting against Principle 6.

Context

Signatories should:

• state the expectations they have set for asset managers that

exercise rights and responsibilities on their behalf;

OR

• explain how they exercise their rights and responsibilities,

and how their approach has differed for funds, assets or geographies.

In addition, for listed equity assets, signatories should:

- disclose their voting policy, including any house policies and the extent to which funds set their own policies;
- state the extent to which they use default recommendations of proxy advisors;
- report the extent to which clients may override a house policy;
- disclose their policy on allowing clients to direct voting in segregated and pooled accounts; and
- state what approach they have taken to stock lending, recalling lent stock for voting and how they seek to mitigate 'empty voting'.