

Crane Flow Saunders Pension Scheme

Engagement Policy Implementation Statement for the year ending 31 March 2021

Introduction

The Trustee of the Crane Flow Saunders Pension Scheme (the 'Scheme') has 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 Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through its investment manager.

This statement sets out how, and the extent to which, in the opinion of the Trustee, 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 31 March 2021. This statement also describes the voting behaviour by, or on behalf of, the Trustee.

The Trustee, in conjunction with its investment consultant, appoints its investment managers to meet specific Scheme policies. It expects that its investment managers make decisions based on assessments about the financial and non-financial performance 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.

The Trustee also expects its investment managers to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

During the year, the Trustee received training from their investment consultant on environmental, social and governance (ESG) issues, including stewardship and engagement.

Stewardship - monitoring and engagement

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

The Trustee's 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 provide regular reports for the Trustee detailing their voting activity.

The Trustee also delegates responsibility for engaging and monitoring investee companies to the investment managers and expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

As all of the investments are held in pooled vehicles, the Trustee does 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 Trustee 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.

Exercising rights and responsibilities

The Trustee recognises 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.

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

The Trustee does 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 Trustee considers the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers (where relevant for equity investments) are as follows:

Voting behaviour			
Investment manager	Period	Proportion of votes cast	Proportion of votes against management
Vontobel Asset Management	31/03/2020-31/03/2021	93.8%	2.4%
Baillie Gifford	31/03/2020-31/03/2021	99.9%	8.9%

Trustee's assessment

The Trustee has considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, 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 or from other external rating providers, the Trustee will consider whether to engage with the investment manager.

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The Trustee has reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustee recognises 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 the investment manager can be found here:

Investment manager	Engagement policy	Annual disclosure statement
Baillie Gifford (Global Alpha& Diversified Growth Fund)	https://www.bailliegifford.com/en/uk/institutional-investor/literature-library/corporate-governance/governance-and-sustainability-principles-and-guidelines/	https://www.bailliegifford.com/en/uk/about-us/
Legal & General Investment Management	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-global-corporate-governance-and-responsible-investment-principles.pdf
M&G Investments	https://docs.mandg.com/docs/corporate/MandG-Shareholder-Rights-Directive-Engagement-Policy.pdf	https://global.mandg.com/our-business/mandg-investments/responsible-investing-at-mandg-investments/voting-history
Vontobel Asset Management	https://am.vontobel.com/en/insights/esg-investment-principles-and-policy	https://www.vontobel.com/globalassets/legal/sfdr/sustainable-investing/sccmc-3984_csr_fs_principle_adverse_impact_statement_pai_en-1.pdf
Janus Henderson Investors	https://cdn.janushenderson.com/webdocs/JHI_Stewardship_Policy_Statement_July2021.pdf	https://cdn.janushenderson.com/webdocs/ESG+Company+Engagement+Report_SECURED_Final.pdf

Link to alternative document where an engagement policy / annual disclosure statement has not been provided:

Investment manager	Document link
M&G Investments	https://global.mandg.com/~/_media/Files/M/MandG-Plc/documents/responsible-investing/MG-Corporate-Finance-and-Stewardship-Report-2019.pdf