

Engagement Policy Implementation Statement for the year ending 31 December 2020

Introduction

The Trustee Directors of the I.F.F. (GB) Pension & Life Assurance Plan (the 'Plan') 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 Trustee Directors can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through the investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustee Directors, 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 December 2020. This statement also describes the voting behaviour by, or on behalf of, the Trustee Directors.

The Trustee Directors, based on advice received from their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. The Trustee Directors expect the investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process. The financial interests of the Plan members are the Trustee Directors' first priority when choosing investments. The Trustee Directors will take members' preferences into account if they consider it appropriate to do so.

During the year, the Trustee Directors received training from their investment consultant on ESG issues, including stewardship and engagement as part of a broader review of the Statement of Investment Principles.

Stewardship - monitoring and engagement

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

The Trustee Directors' 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 Directors detailing their voting activity.

The Trustee Directors also delegate 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 Directors do not envisage being directly involved with peer to peer engagement in investee companies.

Investment manager engagement policies

The Plan's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee Directors 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 the investment managers' engagement policies or suitable alternatives are provided in the Appendix.

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Exercising rights and responsibilities

The Trustee Directors 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.

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

The Trustee Directors consider 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 is as follows:

Voting behaviour Investment manager	Period	Proportion of votes cast	Proportion of votes against management
AXA Investment Management	Information not supplied by the manager	98%	11%
Baillie Gifford	31/03/2019-31/03/2020	100%	3.5%
Morgan Stanley Investment Management	31/03/2019-31/03/2020	100%	7%
JP Morgan Asset Management	Information not supplied by the manager	94.8%	4.9%
Legal & General	31/12/2018-31/12/2019	96%	17%
M&G Investments	31/12/2019	89.5%	6.15%
Insight Investments	Information not supplied by the manager	100%	N/A

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Investment manager	Description
AXA Investment Management	<p>Company vote was in respect of: The Procter & Gamble Company</p> <p>Issue voted on: Report on Efforts to Eliminate Deforestation</p> <p>Resolution – Accepted</p> <p>How AXA voted: AXA voted in favour of the resolution</p> <p>The AGM took place in 2020</p>
Baillie Gifford	<p>Company vote was in respect of: CRH</p> <p>Issue voted on: Approve Remuneration Report</p> <p>Resolution – Progress on the make up of the peer group</p> <p>How Baillie Gifford voted: Baillie Gifford voted in favour of the resolution</p> <p>The AGM took place on 27 May 2020</p>
Morgan Stanley Investment Management	<p>Company vote was in respect of: RELX Plc</p> <p>Issue voted on: Approve Increase in Borrowing Limit Under the Company's Articles of Association</p> <p>Resolution – Passed</p> <p>How MSIM voted: MSIM voted against the resolution</p> <p>The AGM took place on 26 May 2020</p>
JP Morgan Asset Management	<p>Company vote was in respect of: A major food processing company</p> <p>Issue voted on: Deforestation Impacts in its supply chain</p> <p>Resolution – No-deforestation policy and improve its reporting on the traceability and sustainability of forest-risk commodities</p> <p>How JPM voted: JPM voted in favour of the resolution</p> <p>The AGM took place in 2020</p>
Legal & General	<p>Company vote was in respect of: Procter and Gamble</p> <p>Issue voted on: Palm oil used in product</p> <p>Resolution – Report on effort to eliminate deforestation</p> <p>How LGIM voted: LGIM voted in favour of the resolution</p> <p>The AGM took place on 13 October 2020</p>
M&G Investments	<p>Company vote was in respect of: Royal Dutch Shell Plc</p> <p>Issue voted on: Shareholder resolution requesting Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions</p> <p>Resolution – the company should provide comprehensive disclosure to shareholders on its environmental impacts and risks</p> <p>How M&G voted: M&G voted in favour of the resolution</p> <p>The AGM took place on 19 May 2020</p>
Insight Investments	<p>Company vote was in respect of: Royal Dutch Shell plc</p> <p>Issue voted on: To request that the Board set and publish targets aligned with the Paris Climate Agreement</p> <p>Resolution – Passed</p> <p>How Insight voted: Insight voted in favour of the resolution</p> <p>The AGM took place on 19 May 2020</p>

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Trustee's assessment

The Trustee Directors will be undertaking a detailed review of each manager's environmental, social and governance policies and their voting and engagement activities and accept that the way in which investment managers exercise their rights and engagement activities may differ from the Trustee Directors' policies as set out in the Statement of Investment Principles.

The Trustee Directors recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and intend to review the way in which they monitor and engage with their investment managers over the next year.

Appendix

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

Investment manager	Engagement Policy (or suitable alternative)
AXA	https://www.axa-im.com/responsible-investing
Baillie Gifford	https://www.bailliegifford.com/en/uk/institutional-investor/literature-library/corporate-governance/governance-and-sustainability-principles-and-guidelines/
Insight	https://www.insightinvestment.com/uk/responsible-investment/
JP Morgan	https://am.jpmorgan.com/gb/en/asset-management/gim/per/about-us/corporate-governance
LGIM	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf
M&G	https://docs.mandg.com/docs/corporate/MandG-Shareholder-Rights-Directive-Engagement-Policy.pdf
MSIM	https://www.morganstanley.com/im/publication/resources/engagement-and-stewardship-principals-us.pdf?1602008030417