

PROTECT

Our compliance with the UK Stewardship Code

Code provision	Comment
<p>Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.</p>	<p>The Fund has made a commitment, in its SIP, to exercising its ownership rights, including voting rights, in order to safeguard sustainable returns in the long-term. The Fund has a policy on responsible investment in listed equity which sets out how it discharges its responsibilities as shareholder (the policy is described on the Fund's website). In order to do so cost-efficiently across a growing listed equity portfolio, the Fund appoints external agents to vote the Fund's shares, to monitor portfolio companies for ESG risks, and where concerns arise, to engage with company management on these concerns.</p> <p>For its segregated portfolios, it uses an overlay service (currently F&C's reo® service). Due to operational barriers to extracting voting rights from its pooled funds, the Fund outsources stewardship activities in relation to these funds to the relevant managers.</p> <p>The Fund monitors its voting and engagement agents throughout the year, including their level of compliance with the UK Stewardship Code, and works with them to improve the quality and quantity of their stewardship activities.</p> <p>The Fund factors into its assessment of incumbent and potential managers of segregated listed equity portfolios how they apply the Code, but recognises that this is not formally done on the Fund's behalf.</p> <p>The Fund employs a dedicated responsible investment manager who is charged with these activities.</p>
<p>Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.</p>	<p>The Board is satisfied that its voting and engagement agents have suitable expertise, policies, research and resources to comply with the provisions of the Code, and will therefore generally refrain from influencing their activities on a case-by-case basis. By doing so it minimises any conflicts of interest that may arise where the Fund's share ownership of listed companies coincides with its duty to protect the pensions of the members of those companies' pension funds. This policy is disclosed on the Fund's website.</p>

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<p>Principle 3: Investee companies should be monitored to determine when it is necessary to enter into an active dialogue with their boards. Monitoring should be regular, and the process clearly communicable and checked periodically for its effectiveness.</p>	<p>The Fund's agents monitor companies on the Fund's behalf, based on in-house and external research, and engagement, through correspondence, face-to-face meetings, attending AGMs or other means, with portfolio companies. The Fund requires its agents to provide quarterly reports on voting and engagement which form part of its regular monitoring of their stewardship activities.</p>
<p>Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.</p>	<p>The Fund's agents have disclosed their guidelines on escalation. The Fund is satisfied that its agents will take appropriate action on its behalf where concerns arise, in order to ensure long-term sustainability of its returns.</p>
<p>Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.</p>	<p>The Fund, while not directly involved in stewardship activities, indirectly acts collectively with others through its agents who conduct engagement with other investor groups as appropriate. This may be through involvement with investor bodies or informal collaboration with other shareholders. The Fund works with other investors via formal and informal networks, focusing on sharing best practice and information. The Fund is a signatory to the Principles for Responsible Investment (PRI), the Carbon Disclosure Project (CDP) and its offshoot, CDP Water. It is also involved with the International Corporate Governance Network (ICGN).</p>
<p>Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	<p>The Fund is committed to voting and the disclosure of responsible investment activities. Its voting policy directs its agents to act in line with market-specific institutional voting guidelines such as those of the National Association of Pension Funds (NAPF) and the Association of British Insurers (ABI) in the UK. Voting itself is outsourced and every individual vote is considered in accordance with the agents corporate governance policies which the Fund requires to be publicly available.</p>
<p>Principle 7: Institutional investors should report periodically on their stewardship and</p>	<p>The Fund publishes its voting and engagement record on its website on a quarterly basis. The PPF's annual report contains a section on responsible investment that summarises its activities.</p>

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voting activities