Engagement Policy Implementation Statement

University of Hull Pension and Assurance Scheme (the “Scheme”)

The Engagement Policy Implementation Statement (“EPIS”) has been prepared by the Trustee and covers the Scheme year 6 April 2021 to 5 April 2022.

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the “Regulations”). The Regulations require that the Trustee produces an annual statement which outlines the following:

- Explain how and the extent to which the Trustee has followed its engagement policy which is set out in the Statement of Investment Principles (“SIP”).
- Describe the voting behaviour by or on behalf of the Trustee (including the most significant votes cast) during the Scheme year and state any use of third party provider of proxy voting services.

Executive summary

Based on the activity over the year by the Trustee, its fiduciary manager and the underlying investment managers, the Trustee believes that the stewardship policy has been implemented effectively. The Trustee notes that its fiduciary manager and the underlying investment managers were able to disclose adequate evidence of voting and engagement activity.

The Trustee expects continued improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

Scheme stewardship policy summary

The below bullet points summarise the Scheme’s stewardship policy in place over the reporting year, and in effect as at 5 April 2022.

- The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.
- As part of its delegated responsibilities, the Trustee expects the Fiduciary Manager to: 1) Ensure that (where appropriate) underlying asset managers exercise the Trustee’s voting rights in relation to the Scheme’s assets; and 2) Report to the Trustee on stewardship activity by underlying asset managers as required.
- The Trustee will engage with its Fiduciary Manager as necessary for more information, to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned.
- The Trustee may engage with its Fiduciary Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustee will consider, on a case by case basis, a range of methods by which it would monitor and engage so as to bring about the best long-term outcomes for the Scheme.

**Scheme stewardship activity over the year**

**Ongoing Monitoring**

Investment monitoring takes place on a quarterly basis with online monitoring reports made available to the Trustee by Aon. The reports include ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon’s researchers also conduct a review of the managers’ responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund’s level of ESG integration or broader responsible investment developments.

Under the Trustee’s fiduciary mandate, managed by Aon Investments Limited (“AIL”), AIL appoint underlying asset managers to achieve an overall target return. The Trustee delegates the monitoring of ESG integration and stewardship quality to AIL and AIL have confirmed that all equity and fixed income managers have been rated ‘Integrated’ or above on AIL’s four-tier ESG ratings system (Integrated being the second highest rating on the scale). This means that all the appointed asset managers are at least aware of potential ESG risks in the investment strategy and have taken some steps to identify, evaluate and potentially mitigate these risks.

**Engagement – Fiduciary Manager**

The Trustee has delegated the management of the Scheme’s assets to its fiduciary manager, Aon Investments Limited (“AIL”). AIL manages the Scheme’s assets in a range of funds which can include multi-asset, multi-manager and specialist third party liability matching funds. AIL selects the underlying investment managers on behalf of the Trustee.

The Trustee has reviewed AIL’s latest Annual Stewardship Report and believes it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

During the year, AIL held Environmental, Social and Governance (“ESG”) focussed meetings with many of the underlying managers across its strategies. At these meetings, AIL discussed ESG integration, stewardship, climate, biodiversity, modern slavery, and voting and engagement activities undertaken by the investment managers. Following these meetings, AIL provided feedback to the managers with the goal of improving the standard of ESG integration across its portfolios. AIL continues to execute its ESG integration approach and engages with managers.

Aon Solutions UK Limited (“Aon”) also actively engages with investment managers and this is used to support AIL in its fiduciary services. Aon’s Engagement Programme is a cross-asset class initiative that brings together Aon’s manager research team and Responsible Investment specialists to promote manager engagement with the needs of Aon’s clients in mind.

In Q3 2021, Aon and AIL were confirmed as signatories to the UK Stewardship Code. With one-third of applicants failing to reach signatory status, this achievement confirms the strength and relevance of stewardship activity undertaken by Aon and AIL on behalf of its clients.

An engagement example carried out directly by AIL can be found in Appendix 2.

**Voting and Engagement Activity – Underlying Investment Managers**

Over the period, the Scheme was invested in a number of equity, fixed income and alternative funds through its investment with AIL. This section provides an overview of the voting (where applicable) and engagement activities of some of the most material underlying managers.
**Equity**

Over the year, the Scheme invested in the following funds, in a material capacity, for which voting and engagement was completed by the managers on behalf of the Scheme:

<table>
<thead>
<tr>
<th>Manager</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>GQG Partners</td>
<td>Global Equity Fund</td>
</tr>
<tr>
<td>Ardevora Asset Management</td>
<td>Global Long-Only Equity Fund</td>
</tr>
<tr>
<td>Legal and General Investment Management Limited</td>
<td>Multi-Factor Equity Fund</td>
</tr>
<tr>
<td>Nordea Asset Management</td>
<td>Global Climate and Environmental Fund</td>
</tr>
</tbody>
</table>

As the fund of funds are actively managed, and allocations change over time, not all underlying managers are detailed. Rather, a selection of the most material underlying managers are noted. Other examples are available on request.

Voting examples for these managers are provided in the Appendices. The investment managers provided examples of 'significant' votes they participated in over the period. Each manager has their own criteria for determining whether a vote is significant. The Trustee considers a significant vote as one which the voting manager deems to be significant.

**GQG Partners (“GQG”)**

**Voting Policy**

GQG aims to cast all votes at shareholder meetings held by its portfolio companies when it believes it is in the best interest of its shareholders. GQG uses ISS for proxy voting, engagement and stewardship reporting. GQG generally votes in line with ISS’s recommendations, but it will vote against its recommendations on occasion. GQG votes in accordance with the United Nations’ Principles for Responsible Investment (“PRI”).

Upon request clients can take responsibility for voting their own proxies or they can give GQG instructions on how to vote their respective shares. AIL delegates voting to GQG because it believes the underlying managers are best placed to make voting decisions due to their thorough understanding of the stock-specific risks and opportunities of the investee companies.

**Engagement Policy**

GQG engages with companies on ESG issues where it thinks engagement would be useful and productive. GQG engages with individual companies on specific ESG risks such as enhanced disclosure, board structure and diversity, labour management, or remuneration issues. GQG also carries out thematic engagements where it engages with several companies held in the same portfolio on a specific ESG issue. Examples of its thematic engagement activities are diversity and inclusion in executive management and enhanced ESG disclosures. GQG also takes part in collaborative engagement initiatives. GQG believes that a collaborative approach, with combined assets under management, can be more influential in effecting change.

**Ardevora Asset Management LLP (“Ardevora”)**

**Voting Policy**

Ardevora uses proxy voting adviser, Glass Lewis, to administrate vote proxies on its behalf. Ardevora usually votes in line with Glass Lewis’s proxy voting guidelines. Ardevora’s responsible investment team reviews Glass Lewis’s voting recommendations then either approves the recommendation or changes the vote if the recommendation does not align with its views on fairness in society or the environment. Ardevora applies additional scrutiny to votes concerning election of directors, climate and shareholder resolutions.
Engagement Policy

Ardevora believes effective engagement with the companies in which it invests is beneficial for its investments, its clients and for wider society. Through its engagement process, Ardevora seeks to ensure that investee companies are well-managed and take appropriate account of ESG risks and opportunities. Ardevora aims to regularly engage with investee companies on issues core to its responsible investment framework. It uses a mix of direct and collaborative engagement strategies, depending on the issue, sector and/or company. Ardevora also engages with companies on conduct-related issues and material themes.

Legal and General Investment Management Limited (“LGIM”)

Voting Policy

LGIM uses proxy voting adviser Institutional Shareholder Services (“ISS”) to execute votes electronically and for research. LGIM also receives research Institutional Voting Information Service (“IVIS”). This augments LGIM’s own research and proprietary ESG assessment tools. LGIM do not outsource any part of the voting decisions to ISS. LGIM has a custom voting policy in place with ISS. This seeks to uphold what LGIM considers to be best practice standards companies should observe. LGIM can override any voting decisions based on the voting policy if appropriate. For example, if engagements with the company have provided additional information.

Engagement Policy

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:
1. Identify the most material ESG issues,
2. Formulate the engagement strategy,
3. Enhancing the power of engagement,
4. Public policy and collaborative engagement,
5. Voting, and
6. Reporting to stakeholders on activity.

LGIM monitors several ESG subjects and conducts engagement on various issues. It's top five engagement topics are climate change, remuneration, diversity, board composition and strategy. LGIM's engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients.

Nordea Asset Management (“Nordea”)

Voting Policy

Nordea’s policies and principles define how it approaches corporate governance-related matters, the incorporation of ESG considerations in its investment processes and how shares are voted. A committee has been set up to ensure appropriate handling of governance matters, and the operational responsibility rests with the Corporate Governance function. The Corporate Governance function and the Responsible Investment team work together closely.

Nordea uses proxy voting adviser, ISS, for proxy voting, vote execution and research. Generally, Nordea focuses its stewardship efforts on companies on which it can have an impact, such as firms in which it has a substantial ownership share. In addition, Nordea puts extra emphasis on companies which it owns in its ESG-enhanced products.

Engagement Policy

Nordea sees engagement as a crucial part of its Responsible Investment philosophy and framework. Nordea's engagement activities combine the views of its portfolio managers, financial analysts and ESG specialists to establish engagement objectives. Nordea uses engagements to improve its understanding of the companies it invests in and to influence them.

Nordea has established six principles which guide its engagements:
- Act in the long-term interest of shareholders
- Safeguard the rights of all shareholders
- Ensure efficient and independent board structure
- Align incentive structure of employees with the long-term interest of shareholders
- Disclosure of information to the public in a timely, accurate and adequate manner
- Ensure social, environmental and ethical accountability

**Fixed income and Alternative Strategies**

The Scheme also invests in fixed income strategies, alternatives strategies and a liability driven investment ("LDI") portfolio with AIL. Information relating to the LDI portfolio has not been included within the EPIS, due to the limited scope of stewardship for this asset class.

The following information details the engagement policies of some of the most material managers appointed within the AIL mandate. Other examples are available on request. Examples of engagement are provided in the Appendices.

**Fixed income: Aegon Asset Management ("Aegon") European ABS Fund**

The Scheme invests in a European Asset Backed Securities ("ABS") fund managed by Aegon via the AIL Active Fixed Income Strategy.

**Engagement Policy**

Aegon believes that actively engaging with companies to improve their ESG performance and corporate behaviour is generally more effective than excluding companies from investment. Engagements are conducted by its investment managers, research analysts and its Responsible Investment team.

When engaging with portfolio companies, Aegon considers the UK and Dutch Stewardship Codes and the Principles for Responsible Investment ("PRI"). Aegon also participates in collaborative engagement initiatives such as the UK Investor Forum and the Institutional Investors Group on Climate Change.

Aegon engages with ABS issuers regularly through ESG questionnaires that are specific for consumer loan ABS. It has meetings to discuss the questionnaire answers, the companies’ ESG goals and any areas for improvement.

**Alternative Strategy: Marshall Wace**

The Scheme invests in a fund of hedge funds strategy managed by Marshall Wace via the AIL Active Diversifiers Strategy. The Trustee recognises that the investment processes and the nature of alternative investments may mean that stewardship is less practicable or less relevant for certain strategies. For example, hedge fund strategies are often implemented using derivatives and can involve short-term trading of securities. This limits the manager’s ability to engage with the underlying holdings. As such, the Trustee appreciates that it may be difficult for these types of managers to carry out traditional engagement activities. Nevertheless, the Trustee expects that, where possible, all underlying managers engage with issuers or companies they invest in, should they identify concerns that may be financially material.

Given the market conditions over the period, the AIL Active Diversifiers Strategy was tilted towards short-term trading strategies as AIL sees them as better equipped to navigate these markets.

**Voting Policy**

As discussed above, in most cases the funds Marshall Wace manages do not own shares, and consequently do not have voting rights. But where it believes it to be in the best interest of its clients, Marshall Wace may arrange to hold shares physically so that it can exercise the voting rights. This is
most likely to occur where the result of a vote is likely to have a particularly significant impact on the valuation of that company’s shares.

Where applicable, Marshall Wace aims to exercise the proxy voting rights of the funds it manages at all shareholder meetings. It considers a range of factors that affect the value of its investments and endeavours to act solely in the interest of the funds. When making voting decisions, Marshall Wace considers the facts and circumstances of each case and will act in accordance with its Conflicts of Interest policy. Marshall Wace’s policy is to follow the advice provided by its proxy voting adviser, Glass Lewis. However, it may decide not to vote in accordance with this advice if it believes such action will better achieve the desired outcomes for its clients.

Engagement Policy

Marshall Wace views engagement as a long-term process and believes that it is an effective tool to achieve meaningful change. Marshall Wace engages with investee companies on a wide range of topics. Marshall Wace aims to foster a constructive and collaborative relationship with the companies in which the funds it manages have positions.

Marshall Wace focuses its engagements activities on the governance and stewardship issues that it considers are the most significant to generating shareholder value. Typically, these include corporate strategy, board issues (such as its leadership, composition and incentivisation), financing, corporate actions such as major acquisitions or disposals, management of risks, and overall performance.

Illiquid Alternative Strategy: Chorus Capital (“Chorus”)

The Scheme also invests in an illiquid alternative strategy managed by Chorus via the AIL Illiquids Alternative Strategy.

Engagement Policy

Chorus partners with banks to help them achieve their capital management objectives through risk-sharing transactions. When originating these transactions, Chorus encourages better ESG values by rejecting or reducing credit exposures to companies whose business profile is in conflict with its values, which in turn influences the bank’s appetite for non-ESG friendly borrowers. Chorus believes this is an effective way of exercising its ESG values and ensuring it has a real impact.
Appendix 1: Voting statistics

This information relates to the specific funds the Scheme invested in over the period.

The investment managers have provided information to the end of each quarter. While this does not align exactly with the Scheme's accounting period, it remains representative of each fund's voting and engagement activity on behalf of the Trustee over the period.

The voting statistics data represent fund level activity over the 12 month period to 31 March 2022 for each of these managers.

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Number of resolutions eligible to vote on over the period</th>
<th>% of resolutions voted on for which the fund was eligible</th>
<th>Of the resolutions on which the fund voted on, % that were voted against management</th>
<th>Of the resolutions on which the fund voted, % that were abstained</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIL Active Global Equity Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrowstreet – Global Developed Equity Fund</td>
<td>6,625</td>
<td>96.2</td>
<td>8.4</td>
<td>0.8</td>
</tr>
<tr>
<td>GQG – Global Equity Fund</td>
<td>682</td>
<td>99.3</td>
<td>9.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Ardevora – Global Long-Only Equity Fund</td>
<td>2,950</td>
<td>100</td>
<td>8.2</td>
<td>0.2</td>
</tr>
<tr>
<td>AIL Emerging Markets Equity Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oaktree – Emerging Markets Equity Fund</td>
<td>1,085</td>
<td>100</td>
<td>8.1</td>
<td>2.6</td>
</tr>
<tr>
<td>TT International – Emerging Markets Unconstrained Strategy</td>
<td>1,029</td>
<td>98.1</td>
<td>9.1</td>
<td>5.1</td>
</tr>
<tr>
<td>GQG – Emerging Markets Fund</td>
<td>867</td>
<td>100.0</td>
<td>7.8</td>
<td>3.8</td>
</tr>
<tr>
<td>AIL Global Multi-Factor Equity Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LGIM – Multi Factor Equity Fund</td>
<td>11,660</td>
<td>99.8</td>
<td>19.1</td>
<td>0.2</td>
</tr>
<tr>
<td>AIL Global Impact Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baillie Gifford – Positive Change Fund</td>
<td>333</td>
<td>93.7</td>
<td>2.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Nordea – Global Climate and Environmental Strategy</td>
<td>711</td>
<td>98.3</td>
<td>14.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Mirova - Global Sustainable Equity Fund</td>
<td>719</td>
<td>100.0</td>
<td>44.4</td>
<td>0.0</td>
</tr>
<tr>
<td>AIL Managed Growth Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LGIM – Multi Factor Equity Fund</td>
<td>11,660</td>
<td>99.8</td>
<td>19.1</td>
<td>0.2</td>
</tr>
<tr>
<td>BlackRock – Emerging Markets Equity Fund</td>
<td>28,828</td>
<td>100.0</td>
<td>9.0</td>
<td>4.0</td>
</tr>
<tr>
<td>AIL Active Diversifiers Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marshall Wace Tops Fund Class A GBP Series</td>
<td>930</td>
<td>91.0</td>
<td>16.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Boussard and Gavaudan BG Fund</td>
<td>2022</td>
<td>34.4</td>
<td>1.0</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Managers

Voting data is provided for the year to 31 March 2022.
Appendix 2: Voting and Engagement Examples

Fiduciary Manager - AIL

Engagement example – Equity manager

In May 2021, Aon engaged with an underlying equity manager as part of its Engagement Programme. At the time of the meeting, the manager offered only limited transparency of its stewardship activities. However, Aon expected this to improve with the launch of the manager’s webpages on its ESG approach which promised to showcase its engagement activities.

Since Aon’s engagement with the manager, the manager has launched its ESG webpages which show its stewardship and ESG policies, and the manager’s proxy voting records. The manager also established an ESG working group to strengthen its stewardship policies and activities. Aon welcomes these improvements and hopes to see the results of this work in the manager’s first sustainability report.

Equity

Legal and General Investment Management Limited (“LGIM”)

Voting Example

In June 2021, LGIM voted against a resolution to elect the Chief Executive Officer (“CEO”) of retailer Target Corporation to the role of Chair of the company’s board as well. It is LGIM’s policy to advocate for the separation of CEO and board chair roles. LGIM believes these two roles to be substantially different, requiring distinct skills and experiences due to risk management and oversight. Further, LGIM expects a CEO or non-executive director not to hold too many board positions to ensure they can undertake their duties effectively. 93.7% of shareholders voted in favour of the resolution. LGIM considered this vote to be significant because it is an example of how it applied and escalated its voting policy on the topic of combined board chair and CEO role.

Engagement Example (firm level)

At the time of writing, LGIM had not provided engagement examples for the fund. The Trustee’s fiduciary manager, AIL, has engaged at length with LGIM regarding its lack of fund level engagement reporting. LGIM confirmed that it is working to improve its reporting over the course of 2022. The example provided below is at a firm level, i.e. it is not specific to the fund the Scheme is invested in.

Over 2021, LGIM engaged with several companies on the topic of antimicrobial resistance. Antimicrobial resistance occurs when bacteria, viruses, fungi and parasites change over time and no longer respond to medicines making infections harder to treat and increasing the risk of disease. LGIM states that the overuse and inappropriate use of antimicrobials in human activities are often linked to antimicrobial agents getting into the ecosystem. In particular, water sanitation systems have not been designed to address antimicrobial resistance.

LGIM reached out to 20 water utility companies through an open letter to understand if they were aware of the issue of antimicrobial resistance and if they plan to introduce monitoring systems to detect agents such as antibiotic-resistant bacteria. LGIM also had meetings with some of the companies and found that awareness of antimicrobial resistance was generally low. LGIM believed this was due to the lack of regulatory requirements and little perception of the potential business risks.

After these engagements, LGIM found several investee companies were considering their approach to antimicrobial resistance. In particular, one utility company sought to understand what happens to contaminants in its wastewater treatment process and implemented a programme to try to understand improvements it could make to its systems.
GQG Partners ("GQG")

Voting example
In April 2021, GQG voted against the management proposal to approve the climate transition plan for the commodity training and mining company, Glencore Plc. GQG voted against the proposal because the transition plan did not contain any near-term targets for reducing the company’s greenhouse gas emissions. Also, there were no clear commitments for how the company plans to transition away from relying on thermal coal, which represents 10-15% of the company’s earnings in the medium term, and the company had not set science-based targets as approved by the Science Based Targets Initiative. However, the proposal was approved by the majority of shareholders.

Engagement example
In September 2021, GQG conducted a detailed engagement with Occidental Petroleum Corporation ("Occidental") to gain insight into its carbon transition plan. GQG also sought information about the decommissioning of an offshore oil rig, which was previously owned by the company and for which the company was potentially financially liable.

During the engagement, GQG heard the details of Occidental’s carbon transition plan and its aim to capitalise on its expertise in handling carbon dioxide for enhanced oil recovery ("EOR") to become a leader in carbon capture and storage. EOR is a method for getting crude oil from the ground that is hard to extract. The process uses a lot of carbon dioxide and leaves it permanently buried in the ground. This engagement helped GQG understand Occidental’s decarbonisation pathway and its environmental management of inactive drilling infrastructure.

Ardevora Asset Management LLP ("Ardevora")

Voting example
In December 2021, Ardevora voted in favour of a shareholder proposal for the automotive parts retailer, AutoZone, to report on its greenhouse gas emission targets and its alignment with the international treaty on climate change, the Paris Agreement. Ardevora was in favour of this proposal as it believes that this will better ensure the company’s resilience to climate-related risks. The proposal was approved.

Engagement example
In Q4 2020 Ardevora carried out an engagement with airline, Wizz Air. There were conflicts between the airline and trade unions, which led Ardevora to be concerned. Initially, Ardevora wrote a letter to Wizz Air but it found Wizz Air’s response to be unsatisfactory. So, Ardevora escalated its concerns to non-executive directors of the company but this did not progress the discussion either. As a result, in July 2021, Ardevora decided to launch a collective engagement on the PRI’s Collaboration Platform and through the Investor Alliance for Human Rights.

The collaborative engagement effort enabled dialogue amongst investors and promoted greater awareness of the issue. Although Ardevora is no longer invested in the company, it supported its industry peers in preparing a public statement and securing a meeting with the company in 2022.

Nordea Asset Management ("Nordea")

Voting example
In May 2021, Nordea voted against the management of Republic Services Inc., by voting in support of a shareholder resolution to report on integrating ESG metrics into executive compensation. Nordea is strongly in favour of including ESG metrics in executive compensation. Further, other similar companies have started integrating ESG metrics into their executive performance evaluations. The resolution did not pass but Nordea will continue to vote for such proposals. Nordea considered this vote to be significant based on the portfolio weight of the company at the time of voting and on its alignment to Nordea's corporate governance principles.
Engagement example

In 2021, Nordea engaged with the waste management company, Cleanaway, to better understand the company’s diversity strategy and environmental agenda. Nordea had several calls with the CEO and the Chair of the company. The engagement helped Nordea understand the potential areas of development, such as the adoption of science-based targets as well as a thorough analysis of the company’s current sustainability profile. Nordea encouraged the company to set long-term environmental and diversity goals. Nordea will continue to monitor progress and engage further if necessary.

Fixed Income and Alternative Strategies

Fixed Income: Aegon

Engagement Example

In 2021 Aegon engaged with Brignole, an ABS issuer. Aegon wanted to better understand the consumer loans issued by the company, so it could assess if the loans had any environmental impact. Further, Aegon suggested that the company increase borrowing for an environmental purpose by offering borrowers a discount.

To start the engagement, Aegon sent Brignole its ESG questionnaire. After receiving the answers, Aegon discussed the answers with Brignole’s management. It also discussed the company’s ESG goals and areas for improvement. From the engagement, Aegon gained a better understanding of the loans. This helped Aegon make a thorough ESG analysis of the issuer. Further, Brignole agreed to implement Aegon’s suggestion to offer loans with environmental purposes at a discount. Aegon stated it will pursue similar engagements with other consumer loan issuers.

Marshall Wace

Voting example

In March 2022, Marshall Wace voted against the management of Highland Transcend Partners, a capital market company, on a proposal on the issuance of common stock. Marshall Wace voted this way because it was in line with its bespoke voting policy.

Engagement Example

In 2022, Marshall Wace engaged with Repligen, a company that develops and produces materials used in the manufacture of biological drugs, on a number of ESG topics. From the engagement, Marshall Wace noted that the company performs well on governance, supply chain practices, increasing ESG disclosure and board diversity.

Repligen stated it was looking at making disclosures aligned with the Taskforce for Climate-related Financial Disclosures and sought guidance and feedback from Marshall Wace. Marshall Wace noted that Repligen’s packaging strategy was innovative and ahead of its peers. Marshall Wace asked about its greenhouse gas emissions targets but the company confirmed that it had not yet set any. Marshall Wace will continue to engage with the company.

Chorus

Engagement Example

Chorus reviewed a potential investment in June 2021. Chorus screened the portfolio for any entities that would contravene its Responsible Investment policy. Chorus requested a borrower be excluded on the basis of the company’s involvement with controversial weapons, which Chorus has zero tolerance for. The bank counterparty to the transaction agreed to remove the company from the portfolio. The exposure was successfully removed and will not be added during any future replenishments.