

# Shareholder Rights Directive II (SRDII)- Engagement policy

October 2020



## Contents

Introduction .....	3
Integration of shareholder engagement in CAIM's investment strategy .....	3
Monitoring Investee Companies.....	3
Engagement.....	3
Collective Engagement .....	4
Voting.....	4
Annual disclosure.....	4

## Introduction

The Shareholder Rights Directive II (SRD II) aims to promote shareholder engagement and improve stewardship practices across the European Union (EU). The updated Directive, which has been implemented into domestic law in the United Kingdom, became effective as of 10 June 2019. The SRD II imposes transparency obligations on institutional investors (such as insurers and pension funds) and asset managers (such as investment firms providing discretionary portfolio management services) to the extent investments are made in shares traded on a regulated market, including certain markets situated outside the European Economic Area (EEA), and encourages long-term shareholder engagement. Under MIFID II, Crown Agents Investment Management (CAIM) is required to comply with the obligation to act in the best interests of its clients when placing orders with other entities for execution.

## Integration of shareholder engagement in CAIM's investment strategy

Under CAIM's terms of business, our firm has the contractual right to vote only on behalf of clients where we have a discretionary investment management mandate. CAIM manages investments across a wide range of financial instruments, principally managed by professionally qualified investment managers. The level of engagement will tend to be proportionate to CAIM's significance as a shareholder and, thus, the scope of engagement will generally be limited where corporations are large relative to the size of CAIM's investment. However, in instances where CAIM has a significant shareholding, 3% or more, the investment team will seek to maintain a significantly closer relationship with management and other shareholders and will seek to exert CAIM's influence in a more material way.

## Monitoring Investee Companies

As an integral part of our investment process, we monitor and analyse all companies and other issuers held in active portfolios. This may include the assessment of market data, publicly available information, consideration of ESG and voting research, attending meetings, and our own financial modelling.

Companies and other issuers held in active portfolios are discussed regularly within the investment team who consider strategy, financial and non-financial performance and risk, capital structure, social and environmental impact, and corporate governance.

## Engagement

Where appropriate, we meet the management of companies and other issuers as part of our active investment process. We engage to understand the approach that management is taking to stewardship and ESG matters.

Where appropriate, we raise ESG or other concerns with companies and other issuers where we believe it to be in the interest of investors.

Engagement may be undertaken through meetings, conference calls and correspondence.

## Collective Engagement

Where appropriate, we engage with companies and other issuers alongside other investors to address systemic issues such as climate change or to reflect company specific concerns shared by investors. We are careful to ensure that we respect the rules about acting in concert and other forms of collective action.

## Voting

CAIM's policy on voting rights is set out in the Stewardship statement, which is publicly available on our website. We recognise the importance of voting rights and the overriding principle is that we will vote in the best interest of our clients and this includes decisions over corporate actions, including rights issues, take-overs, etc.

We will vote against company management if appropriate, particularly where the management have not followed the combined code on corporate governance.

It is our policy not to abstain as we regard abstention as a vote wasted.

We do not use a proxy voting service.

While CAIM will adopt a transparent approach in all aspects of its engagement policy activities, in certain circumstances, we will refrain from making public disclosures where the availability of such information is considered not to be in clients' best interests.

## Annual disclosure

As part of the SRD II's disclosure requirements, CAIM will disclose annually via the website the following information, where applicable:

- The engagement policy's implementation;
- A general description of voting behaviour;
- An explanation of the most significant votes;
- Our policy over the use of the services of proxy advisors
- How the firm cast votes in the general meetings of companies in which it holds shares unless these votes are considered insignificant due to the subject matter of the vote or the size of the holding in the company.