

# Louis Dreyfus & Company Limited Pension Fund

## Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) 2019 Regulations. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated 29 September 2020 have been implemented. The SIP provides further background details on investment arrangements.

This Statement covers the period 1 January 2020 to 31 December 2020.

### **Investment managers**

The Scheme is a wholly insured arrangement via a policy held with Clerical Medical Investment Group Limited ('Clerical Medical').

Under the policy, the Scheme's assets are invested in the Clerical Medical With-Profits Fund ('the With-Profits Fund') and the selection of the Scheme's investments is delegated to the manager of the With-Profits Fund.

### **Strategy Review**

There have been no changes to the investment strategy over the year.

### **Scheme Governance**

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone Corporate Benefits Limited, as the Trustees' investment consultant.

The Trustees do not actively obtain the views of the membership of the Scheme to help form their policies set out in the SIP as the Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy.

There were no changes to the investment management agreement with Clerical Medical during the year.

### **Statement of Investment Principles**

The Trustees last reviewed the Statement of Investment Principles (SIP) in September 2020, which was updated to take account of investment regulations that came into force on 1 October 2019.

The Trustees' policies on financially material considerations relating to Environmental, Social and Governance (ESG) issues, including the risk associated with the impact of climate change are detailed below and in the SIP. This was the SIP that was in force at the year-end.

There were no departures from the policies set out in the SIP in force at the year-end, including the Trustees' policies on financially and non-financially material considerations, during the year.

## Policy on financially material considerations, the exercise of voting rights and engagement activities

**Trustees' Policy:** *The Trustees believe that ESG factors may have a material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets as a whole. A member of the current trustee board is the Head of Sustainability for Louis Dreyfus Company and the Trustees have discussed sustainability issues and the approach of Louis Dreyfus Company to sustainability.*

*In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have excluded non-financial matters and recognise that they cannot directly influence the environmental, social, and governance policies and practices of the companies in which the insurer invests. The Trustees will endeavour to monitor the approach of the insurer to sustainability issues and assess how it mitigates ESG risks over appropriate time horizons.*

There have been no changes to the Trustees' policy, nor any departures from their policy, during the year. In particular, all voting activities have been delegated to Clerical Medical, as the Trustees do not have any legal right to vote on the underlying holdings, given the insured nature of the Scheme's investments.

The Trustees note that the manner by which financially material ESG factors will be taken into account in an insured arrangement will depend on the underlying asset classes within the insured arrangement.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment manager, given they are investing in a wholly insured arrangement.

A summary of the Trustees' views on with-profits investments is outlined below.

Asset Class	Actively or Passively Managed?	Comments
With-profits	Active	The Trustees expect Clerical Medical to take financially material ESG factors into account, given the active management style of the with-profits fund and the ability of Clerical Medical to use their discretion to generate returns in line with the fund's objectives. The Trustees also expect Clerical Medical to engage with any underlying investee companies, where possible, although they appreciate that the proportion of assets within the fund that attract voting rights will vary.

## Policy on the exercise of voting rights and engagement activities

**Trustees' Policy:** *In view of the fact that the Scheme's investments are held through a fully insured arrangement, the Trustees have no formal policy on either ESG (including climate change) or delegation of voting rights. The insurer to whom the Trustees have delegated responsibility for such policies will from time to time report on their current and future actions in these areas.*

There have been no changes to the Trustees' policy, nor any departures from their policy, during the year. In particular, all voting and engagement activities have been delegated to Clerical Medical, as the Trustees do not have any legal right to vote on the underlying holdings, given the insured nature of the Scheme's investments.

In turn, all voting and engagement activities of the Clerical Medical With-Profits Fund are carried out by Schroders (as the underlying investment manager of the fund). This is complemented by Scottish Widows' stewardship oversight, where Scottish Widows and Clerical Medical form part of the Lloyds Banking Group.

A summary of the votes made by Schroders (including any votes on underlying equity holdings within the with-profits investment of the Scheme held with Clerical Medical) between 1 January 2020 and 31 December 2020 is provided in the table below.

Manager	Pooled or Segregated?	Third Party Proxy Policy Used	Resolutions Voted On	Resolutions Voted:		
				For	Against	Abstained
Schroders	Pooled	ISS	68,992	87%	12%	1%

The votes above are at the company level, rather than being scheme or fund specific.

The Trustees have requested the details on a significant engagement activity indirectly made on their behalf. Details of this significant engagement activity are provided below:

- **Schroders** held a one-on-one call with Barclays to discuss the bank's climate strategy and the steps that the bank is taking to reach their ambition of being net carbon zero by 2050. Participants included Barclays' Group Head of Public Policy and Corporate Responsibility, their Global Head of Sustainability & Citizenship and their Head of Investor Relations. The bank retains a number of investment banking clients involved in the mining and oil industries, which formed the focus of the conversation. Following the call, Barclays have indicated a willingness to set further long-term targets in respect of reducing their financing of fossil fuel companies.

The Trustees also consider the investment managers' policies on stewardship and engagement when selecting and reviewing investment managers.

Signed: \_\_\_\_\_

Date: 29th July 2021

On behalf of the Trustees of the Louis Dreyfus & Company Limited Pension Fund