



Asset Management

Canada Life Asset Management Limited

Engagement Policy

Owner	Managing Director
Delegated Owner/s	Head of Equities
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1. Introduction and Scope

This Policy explains the principles Canada Life Asset Management Limited (CLAM), has in place for the monitoring of, voting in and engagement with investee companies, ensuring compliance with Article 3g of the Shareholder Rights Directive (SRD II).

Under the requirements of SRD and the FCA Handbook, firms must develop and publicly disclose an engagement policy which describes how the firm integrates shareholder involvement in the investment strategy or, publicly disclose a clear and reasoned explanation about why they have chosen not to do so. The policy must describe how CLAM:

- integrates shareholder engagement in its investment strategies;
- monitors investee companies on relevant matters (e.g. strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance);
- conducts dialogues with investee companies;
- exercises voting and any other shareholder rights;
- will cooperate with other shareholders;
- will communicate with relevant stakeholders of investee companies; and
- manages actual and potential conflicts of interests in relation to CLAM's engagement

2. Engagement

All engagement is conducted by the investment management team. This helps to ensure that the results of our engagement and monitoring activities feed directly into the investment decision making process. CLAM routinely engages with potential and actual investee companies in all geographies and endeavours to vote on all UK, US, Asian and European equity holdings. CLAM treats votes, and the influence these give us on behalf of our clients, as valuable assets and acts accordingly in exercising them. The size of the investee shareholding and the materiality of any issue will determine the level of engagement undertaken. Our approach to stewardship is constructive and pragmatic with the extent of any intervention determined on a case-by-case basis. In all our endeavours, the interests of our clients are paramount.

Engagement with companies in which CLAM invests is primarily done through the voting rights held as shareholders. However, when meeting the management of our investee companies, CLAM may take the opportunity to reinforce the concerns already highlighted in our votes or engage them on other matters we wish to highlight.

We generally aim to see investee companies at least once a year. This provides us with an opportunity to ask questions and challenge their strategy, performance and other relevant issues in a constructive manner.

3. Monitoring

Our team of investment managers monitor companies in which we decide to invest. This monitoring will comprise meeting management; analysing company announcements and news flow; investment screening and studying external analytical research, some providing traditional financial analysis of companies and

others helping us to consider how well companies are managing the Environmental, Social and Corporate Governance (ESG) risk of their activities.

This assessment of ESG risks is dependent on three sources:

- Primary sources – increasingly detailed reporting provided by companies in their annual reports.
- Secondary sources – research and investment tools provided by specialist ESG research providers.
- Internal assessment – our internal team of investment professionals includes and assessment of ESG risks and consideration with all new investments and annual reviews of existing investments.

4. Collaborative Engagement

CLAM will work with other investment institutions on collaborative engagement initiatives, when it believes it to be in the best interest of our own investors and is deemed the most effective course of action to address a specific issue or concern. CLAM has historically used its involvement with and membership in, various trade bodies such as the Investment Association.

CLAM participates in collective efforts to engage with the management of companies through the use of a number of collective engagement platforms such as those provided by ISS and CDP.

The appropriateness of any collaborative engagement is considered on a case-by-case basis. When participating in collaborative engagement, due regard is paid to any conflicts of interest. CLAM will take into account a range of factors when deciding whether to act collaboratively with other investors. These include:

- Whether collective engagement is likely to be more effective than individual engagement
- The extent to which the objectives of the other investors are in accordance with our own
- The need for confidentiality

5. Voting

CLAM aims to exercise all proxy voting rights relating to equities in the US, UK, Asian and European stock exchange listed investee companies.

We employ the services of a specialist proxy voting agency which analyses resolutions. These reports and management recommendations are some of the factors in the investment management team's final decision on how votes are cast. But in every case, we assess and vote with our own judgement. We regularly vote against management or abstain when we believe it is right to do so.

When we feel we must vote against management we are guided by the following principles. There may be individual situations where we vote otherwise depending on particular circumstances:

- **Remuneration:** We expect the remuneration of the directors of our investee companies to be clearly structured, appropriate and mainly linked to quantifiable targets. As a result, we will

generally vote against sizeable discretionary payments, excessive pay awards and any form of retrospective changes in targets or remuneration to the benefit of directors.

- **Board Structure and Director oversight:** We have a strong preference for the role of Chair and Chief Executive to be split and will vote for resolutions calling for these roles to be separated, unless there is an overwhelming reason why such a combined role should be allowed to persist. We view non-executive directors' ability to exercise independent judgment as central to their role in holding management to account. And we will vote against directors showing signs they are not fulfilling their duties, for example by not attending meetings. Finally, we will also vote against Executive Director involvement in remuneration or audit committees which would compromise their impartiality and effectiveness.
- **Shareholder rights:** We will look favourably on shareholder resolutions protecting or enhancing shareholder rights. Examples would be motions to reduce the threshold to call a meeting, motions calling for equal voting rights between share classes or motions protecting say on pay. We will also vote against any management led motions which we believe will reduce the rights and oversight of shareholders.
- **Political donations:** We do not support companies making political donations and will vote against resolutions requesting shareholder support for such donations.
- **Shareholder led resolutions:** Shareholder led resolutions are often tabled calling regularly for ESG risks to be considered and assessed with greater urgency. We will always look favourably at these resolutions and vote accordingly, unless management makes a convincing case why such a move is not necessary.

6. Disclosures

CLAM maintains a record of all voting decisions. Reporting of our voting activities and our meetings with investee company's management are published on a quarterly basis on our website at www.canadalifeassetmanagement.co.uk

CLAM ensures that stewardship activities are reported in a clear and transparent manner by publishing all meetings with investee company management and all voting activity. We also publish our rationale when voting against management resolutions as we consider these to be significant votes.

We define a 'significant vote' as one in which we vote against management recommendations. Our records give details of why we felt the need to do so.

7. Conflicts of Interest

CLAM recognises the importance of having appropriate systems and controls in place to identify and to prevent or manage potential and actual Conflicts of Interest. CLAM will always seek to act in accordance with the best interests of our clients as investors when casting votes on their behalf. We believe that strong corporate governance at the companies in which we invest best serves our clients' interests.

It is extremely rare that we find conflicts of interest. However, on any potential conflicts of interest between CLAM, the investee company and/or a customer, we would look to independent, external guidance, and

this assists in directing the voting action we take. When a decision is reached, we vote the same way across all portfolios under our management. All staff receive annual training to ensure they understand, can identify and are aware of their responsibilities should a potential conflict of interest arise.

We maintain appropriate systems, controls and a clear framework of board-approved policies to identify, document and address potential conflicts of interest that may arise from investing and interacting with companies, with the aim of taking reasonable steps to put the interest of our customers first. These policies include such areas as outside employment or directorships by personnel; the acceptance of gifts and hospitality; personal account dealing rules and dealing in shares issued by other group companies. These policies and any identified potential conflicts of interest are subject to regular reviews.

CLAM seeks to mitigate its exposure to conflicts of interest through promoting the following principles:

- Supporting and promoting the correct staff behaviours and attitudes
- Identifying and considering any conflict of interest in a timely way
- Managing conflicts of interest fairly and effectively
- Avoiding situations where personal interests could inappropriately influence an employee's judgement
- Disclosing the nature/source of a conflict of interest that risks damaging the interests of customers, before undertaking business with them

CLAM is a subsidiary of The Canada Life Group (UK) Limited and is part of Great-West Lifeco. We exercise all votes independently and without reference to other group entities.

Appendix 1: Version control

Version	Author	Date	Summary
V1.0	Investment Management Team	Dec 2019	Draft version
V2.0	Investment Governance	Dec 2019	Review and comments provided
V3.0	Investment Management Team	Dec 2019	Further updates
V4.0 (FINAL)		17 th Dec 2019	APPROVED BY CLAM Executive Management Committee
V5.0 (FINAL)	Daniel White	July 2020	
V6.0	Daniel White	December 2020	Updated with voting principles
V6.0 (FINAL)	Executive Management Committee	17 Dec 2020	APPROVED
V7.0	Various stakeholders (Dan White, Jonathan Dennis)	April 2021	
V7.0	Executive Management Committee	30 April 2021	APPROVED