

Gardner Denver Pension Scheme

Engagement Policy Implementation Statement for the year ending 2020

Introduction

The Trustees of the Gardner Denver Scheme have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies set out in the Statement of Investment Principles on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 December 2020. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

The Trustees, in conjunction with their investment consultant, appoints their investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments (including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees also expect their investment managers to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

During the year, the Trustees received training from their investment consultant on ESG issues, including stewardship and engagement.

The Trustees have also received additional training over the period on cashflow driven investments and ESG training.

Stewardship - monitoring and engagement

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees' also delegate responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

For direct investments, the Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment managers engage in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

These policies are publicly available on the investment manager's websites.

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers may use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees review the voting information provided by the investment managers no less frequently than once a year.

The Trustees consider the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers with equity voting rights are as follows:

Voting behaviour			
Investment manager	Period	Proportion of votes cast	Proportion of votes against management
Ashmore	31/12/2019-31/12/2020	83%	9%
Majedie	31/12/2019-31/12/2020	94%	5%
MFS	31/12/2019-31/12/2020	93%	6%
LGIM	31/12/2019-31/12/2020	99%	17%

Trustees' assessment

The Trustees have considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustees will consider how best to engage with the investment manager.

The Trustees have reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and will continue to review them periodically.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the engagement policies for the investment managers can be found here:

Investment manager	Engagement policy	Annual disclosure statement
Ashmore	http://www.ashmoregroup.com/uk-en/investor-relations/corporate-governance	http://www.ashmoregroup.com/uk-en/investor-relations/reports-presentations
HICL	https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/stewardship	https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/stewardship
MFS	MFS 2020 Sustainable Investing Annual Report	MFS Stewardship Report
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-approach-to-corporate-governance-and-responsible-investment.pdf
RLAM	https://www.rlam.co.uk/institutional-investors/our-solutions/responsible-investment/	https://www.rlam.co.uk/globalassets/media/literature/policies/uk-voting-policy-apr-21-web.pdf