

# Big Local Trust's Stewardship Code statement

## Background

Big Local Trust has an endowment fund that is invested until funding is needed. We have an investment strategy and take a responsible approach to our investment. Our strategy can be seen on our website. We currently work with CCLA as our investment manager. Some of the funds are invested in companies, meaning that Big Local Trust is a shareholder. Because of this we support the UK Stewardship Code, prepared by the Financial Reporting Council which sets out the principles of effective ownership by institutional investors (like us) to the benefit of the company and the investor. The Financial Reporting Council encourages investors to report their compliance with the Code. This document summarises our approach to corporate governance and compliance with the Code.

## Statement

We welcome the UK Stewardship Code and its underlying principles. As a responsible investor, we take our stewardship role seriously. Although the Stewardship Code only applies to UK-listed companies, where possible, we aim for our approach to be applied across our investments regardless of asset type or geography. Our response to the underlying principles within the Code is outlined below.

### **Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.**

Big Local Trust is a responsible investor. We do not manage our investments in-house but aim to select investment managers who are committed to integrating environmental, social and governance considerations into their investment processes, and who conduct active stewardship with the companies they invest in on our behalf.

We expect CCLA as our investment manager to routinely monitor and vote at the annual general meetings of the companies in which they invest on our behalf. We also expect CCLA to increase its engagement where there are concerns about a company's performance, strategy, governance or the management of environmental or social risk.

Following the Charity Commission's guidance, we encourage CCLA to engage with companies on issues that promote our charitable mission. When, over time, engagement with a company is not successful, we will consider selling our investment.

**Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.**

We operate a conflict of interest policy in line with guidance from the Charity Commission.

**Principle 3: Institutional investors should monitor their investee companies.**

Because we don't manage our investments in-house, we delegate responsibility for day-to-day monitoring to CCLA. Our trustees meet regularly with CCLA to monitor decision-making and assess how CCLA is discharging our stewardship responsibilities.

**Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.**

We have delegated our responsibility to our investment manager, CCLA. We expect CCLA to have a clear procedure for increasing engagement should concerns arise. We also expect them to report their stewardship priorities to our trustees on a regular basis.

We will review our investment in companies who, after a period of time, are not responding to engagement on issues that are prioritised to further our charitable mission.

**Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.**

We recognise the value of collective engagement. We encourage CCLA to act collectively with likeminded investors, whenever appropriate.

**Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.**

We believe that proxy voting is an integral part of the routine monitoring of the companies we invest in. We delegate our voting responsibilities to CCLA who we expect to vote on all of our investments, in a manner that reflects both our position as a responsible investor and our charitable mission, where practical to do so. We routinely monitor CCLA's policy and activity in this area. CCLA's full voting record is available on its website.

**Principle 7: Institutional investors should report periodically on their stewardship and voting activities.**

We expect CCLA to report on its stewardship activity at least annually. Local Trust will monitor CCLA's performance to ensure that it fulfils our requirements in relation to the Stewardship Code and its underlying principles.

Local Trust, acting as the corporate trustee of the Big Local Trust

September 2014