

The NMR Pension Trustee Limited as Trustee of The NMR Pension Fund (the Fund)

UK Stewardship Code Statement – June 2015

Introduction

The NMR Pension Trustee Limited (the Trustee) supports the UK Stewardship Code (the Code) which it recognises as best practice; this statement describes how the Trustee implements the principles of the Code.

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

The Trustee sets out its approach to stewardship in the Fund's Statement of Investment Principles and in this Statement. Both are available to Fund members.

In practice, the Trustee delegates responsibility for the selection, retention and realisation of investments to external investment managers and in so doing, it also delegates day-to-day implementation of its stewardship activity. Whilst the Stewardship Code is primarily directed at UK equity investments, the Trustee encourages its investment managers to apply the principles of the Code to overseas equity holdings where possible.

The Trustee encourages its external investment managers to document their policies on stewardship and disclose these publicly.

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

Day-to-day implementation of the Fund's stewardship activity has been delegated to external investment managers. The Trustee encourages its investment managers to document their approach to stewardship, which should include how they manage any conflicts of interest that arise (for example within voting or engagement activity) to ensure that the interests of the Fund's members are prioritised.

Principle 3: Institutional investors should monitor their investee companies

Where the investment style allows, the Trustee encourages its external investment managers to monitor investee companies. Issues to be monitored are likely to vary, however typically these might include a company's corporate strategy, financial performance, risk (including those from environmental and social factors), capital structure, and corporate governance.

The Trustee's investment consultant assesses the stewardship approach of potential investment managers and regularly monitors their practice when appointed. The Trustee's investment consultant provides a report to the Trustee quarterly at least once a year. Where appropriate, the Fund's investment consultant will engage with investment managers to encourage improvement.

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

The Trustee recognises that the use of proxy votes and constructive engagement with company management can help protect and enhance shareholder value. It encourages the Fund's investment managers to outline their position on company engagement in their stewardship policies. In line with the requirements of the Code, investment managers should indicate the extent to which, if at all, they are willing to be made insiders as a result of engagement activity and the mechanisms they have in place to manage this situation should it arise.

If an investment manager does not engage with company management as part of its investment process, the Trustee expects its stewardship policy to explain how it responds to situations where it has a concern over an investee company.

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

As day-to-day management of the Fund's assets has been delegated to external investment managers, the Trustee is unlikely to be directly involved in collective engagement activity. However, the Fund's investment managers are encouraged to get involved in collective engagement where this is an efficient means to protect and enhance long-term shareholder value.

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

The Trustee has delegated its voting rights to the Fund's investment managers and encourages them to vote whenever it is practical to do so. The Fund's investment managers are encouraged to have a documented voting policy in line with relevant industry best practice which among other things covers the extent to which they use proxy voting agencies, their position on stock lending and disclosure of voting activity.

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

External investment managers are required to periodically report stewardship activity to the Trustee. The Trustee also encourages investment managers to disclose their voting records publicly in an appropriate format and the Trustee's investment consultant provides a report to the Trustee at least once a year.

This statement is reviewed regularly and updated as necessary.

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