

# Shareholder Engagement Statement

Barclays Investment Solutions Limited (BISL) is a subsidiary of Barclays Bank UK PLC which carries out, among other services, investment management activities, predominantly using multi-manager and fund of fund arrangements. We delegate the selection of assets, including shares, to other investment managers, by either investing into a fund or by giving a number of managers a portion of the money that we raise to invest on our behalf. These third party managers are selected via a thorough due diligence process and are subject to ongoing monitoring. The due diligence process focuses on identifying managers that we believe can generate the best risk-adjusted returns in the asset class or strategy which we are seeking to delegate, as well as ongoing monitoring. In the event that we select stocks in-house, our aim is to grow capital over the long term. We use a combination of quantitative methods and qualitative fundamental research to provide a short list of sustainable businesses with a coherent long term strategy which are well financed and cash generative. Where appropriate, this research may include engagement with company management or investor relations teams to better understand their businesses, potentially including their approach to governance, and social and environmental issues.

This statement provides BISL's approach with regards to each requirement as set out under Article 3g of the new European Shareholder Rights Directive II (SRD II).

SRD II aims to promote effective stewardship and long-term investment decision-making via the enhancement of the transparency of shareholder engagement policies and investment strategies across the institutional investment community. Please see below the specific requirements that Article 3g of the SRD II outlines with regards to shareholder engagement within an investment strategy and our current approach for each:

Integration of shareholder engagement in BISL's investment strategy:

- Whilst undertaking due diligence on the investment processes of the third party managers that we appoint, we consider the nature and purpose of the shareholder engagement that may be undertaken. Third party managers may engage on matters relating to environmental, social and corporate governance (ESG) developments; enhancements or clarifications to company analysis or process improvements.
- Where direct stocks are selected, BISL may engage with management or investor relations of investee companies, but not other stakeholders, as we do not hold significant positions. Where any material issues occur, either financial or non-financial, we would review the investment thesis to see if this has affected our investment rationale.

Monitor investee companies on their strategy, capital structure, financial and non-financial performance and risk:

- We appoint third party managers that monitor investee companies on their strategy, capital structure, financial and non-financial performance and risk. We prefer investment processes that are structured and comprehensive, generally where the key investment professionals decide on the main risk exposures. To that end, we review the third party managers' research process, portfolio construction, sell discipline and risk management process to ensure that these processes incorporate monitoring of investee companies' strategy, capital structure, financial and non-financial performance and risk.
- Where direct stocks are selected, analysis is carried out on these companies including the financial and non-financial performance, risk, capital structure and corporate strategy. We use a wide variety of sources including company meetings, company reporting, broker research, industry reports and in-house research. BISL also have access to specialist research covering environmental, social and governance issues.

Monitor investee companies on social and environmental impact and corporate governance:

- Where we appoint third party managers, we do expect them to consider ESG factors in addition to the standard financial ones in their investment process. Examples might be whether a fund manager has a view on whether an investee company has a well-structured board, suitable labour relations or pollution controls. Furthermore, we seek to understand a manager's awareness and incorporation of ESG considerations when constructing their investment philosophy and applying their process to it. We expect all managers to be engaged with the management of their holdings on these topics in an effort to understand how their activities could impact on the sustainability and profitability of the business. We believe that incorporating ESG considerations in a manager's approach is likely to enhance returns and reduce risk in addition to producing better outcomes for society and the planet
- Where direct stocks are selected, Barclays portfolio managers access to a specialist research provider for ESG issues is the main tool for monitoring these risks. Where Barclays portfolio managers meet with company management, ESG issues will be discussed if relevant.

Conduct dialogues and communicates with relevant stakeholders of the investee companies:

- We assess the information third party managers gather to make their investment decisions, its quality and depth and the judgement the managers use in making investment decisions. This may include dialogue with the investee companies depending on the nature of the investment strategy, number of holdings and structure of the manager.
- BISL does not currently liaise directly with other stakeholders although we do support the principle of collaborative engagement. Where stakeholders' rights are likely to have a significant impact on the fortunes of investee companies such factors are taken into account via our ESG analysis.

Exercising voting rights and other rights attached to shares, cooperation with other shareholders and management of actual and potential conflicts of interests in relation to the firm's engagement:

- Across all of our UK investment management activity, BISL will not generally exercise voting rights or co-operate with other shareholders. However, BISL is currently reviewing its engagement and voting strategy with a view to developing the position going forward. At present, where BISL does exercise its discretion to vote for or against a particular proposal or co-operate with other shareholders, it will be in a manner consistent with its relevant investors' best interests and when not in violation of anti-trust or any other laws or BISL policies. Any actual or potential conflict of interests that may arise would be managed in line with the documented Barclays Group-Wide conflicts of interest policy and standard, which is updated on an annual basis. All employees are expected to adhere to the Group-wide conflicts interest policy and standard and receive training on this. Each division maintains a register of conflicts of interest, which is updated regularly.

BISL will update this statement on its website at least on an annual basis.

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