

# Implementation Statement

## Chubb Safes Pension Plan

### Purpose of this statement

This implementation statement has been produced by the Trustee of the Chubb Safes Pension Plan (**"the Plan"**) to set out the following information over the year to 5 April 2024:

- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Plan's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

The voting behaviour is not given over the Plan year end to 5 April 2024 because investment managers only report on this data quarterly. We have therefore given the information over the year to 31 March 2024.

### Stewardship policy

The Trustee's SIP in force at September 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in October 2023 and has been made available online here:

<https://www.isio.com/app/uploads/2023/12/Chubb-SIP-Sept-2023-Clean-3.pdf>

There were no changes to the Trustee's stewardship policy over the year to 5 April 2024.

The Trustee decided not to set stewardship priorities for the Plan for the time being because the Plan solely invests through pooled investment vehicles where the Plan's asset only represents a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers. However, the Trustee takes the stewardship priorities, climate risk, and ESG factors into account at the time of manager selection. The Trustee also reviews the stewardship and engagement activities of the investment managers annually through their Implementation Statement.

### How voting and engagement/stewardship policies have been followed

Based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- All of the Plan's assets are invested in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- With input from their investment consultant, the Trustee annually receives and reviews the voting information and engagement policies of their investment managers to ensure alignment with their own policies. The findings of the Trustee's review are reported in this Implementation Statement which will also be included in the Plan's Annual Report and Accounts for the year to 5 April 2024.

- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund manager is in alignment with the Plan's stewardship policies.

**Prepared by the Trustee of the Chubb Safes Pension Plan  
October 2024**

## Voting Data

The Plan invests entirely in pooled funds with the following investment managers: **Legal and General Investment Management ("LGIM")**, **Apollo Asset management ("Apollo")**, **M&G Investments**, **Ninety-One** and **Aegon Asset Management ("Aegon")**.

Voting is not applicable to the Plan's LDI holdings with LGIM, and the Plan's credit holdings with Ninety-One, M&G Investments, Aegon and Appollo as these funds invest only in fixed income assets, which have no voting rights. The synthetic equity held with LGIM has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

## Fund level engagement

The Trustee considers it a part of its investment managers' role to assess and monitor how the companies in which they are investing on behalf of the Plan are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure.

The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Plan's LDI and synthetic equity funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Ninety-One	M&G Investments	Aegon <sup>1</sup>	Apollo
Fund name	Global Total Return Credit Fund	Total Return Credit Investment Fund	European ABS Fund	Apollo Total Return Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	c.150-200	13	127	60
Number of entities engaged on behalf of the holdings in this fund in the year	24	11	98	40
Number of engagements undertaken at a firm level in the year	503	346	528	Data not provided

<sup>1</sup> Please note that Aegon only provides engagement data on an annual basis; therefore this data is from the year leading to 31/12/2023.  
Source: Ninety-One, M&G, Aegon and Apollo

## Examples of engagement activity undertaken over the year to 31 March 2024

### Ninety One, Global Total Return Credit Fund

#### Volkswagen

Ninety-One engaged with Volkswagen (VW) regarding human and labour rights issues after MSCI assigned a red flag in late 2022, due to alleged human rights violations related to VW's operations in Xinjiang, China. MSCI also assigned VW a UNGC violator tag, as the company was accused of involvement in state-sponsored vocational education and training centres, which MSCI regards as forced labour.

Ninety-One has engaged with VW on multiple occasions to discuss the matter. However, it has been difficult to independently verify that no violations occurred, due to the lack of press freedom in Xinjiang and China more broadly. In early December, VW reported that it had commissioned an audit with Loening, a well-regarded human rights auditing firm. The audit concluded that there was no "indication or evidence of forced labour

among the employees." Ninety One's focus during this engagement was to understand the scope and quality of the audit conducted.

Ninety One's concerns were eased by the high quality of the Loening audit. The founder of Loening was previously the head of the human rights commission for the Federal Republic of Germany and is considered an authority on human rights. The audit followed Social Accountability International's Audit Standard SA8000 and covered several key areas, including child labour, forced labour, occupational health and safety, freedom of union association, discrimination, and working conditions. Importantly, the audit was conducted in person by both Loening team members and a Shenzhen law firm, and included interviews with a significant number of employees (197 FTEs) and a review of payroll data dating back to 2005. This thorough audit process addressed Ninety One's concerns about the quality of VW's human rights practices in its Xinjiang operations.

## **Aegon, European ABS Fund**

### **Various RMBS and Consumer ABS**

Aegon has been engaging with various RMBS (Residential Mortgage-Backed Securities) and consumer ABS (Asset-Backed Securities) issuers to address the issue of limited availability of ESG-related (loan-level) data. Aegon's objective is to improve access to ESG data to enable a more accurate and meaningful ESG analysis of the collateral. Specific data, such as energy performance certificates (EPC) for houses in the case of mortgages and CO2 emissions data for cars in the case of auto loans, is often unavailable. Aegon strongly encourages issuers to make this critical data accessible to facilitate better ESG assessments.

As part of its engagement process, Aegon typically starts by sending its ESG questionnaire, which is tailored for RMBS and consumer loan ABS, to the issuer. This is followed by several meetings with the issuer's C-suite executives to discuss their responses and convey Aegon's recommendations. A common recommendation to originators is to increase the availability of ESG-related data. These engagements are driven by Aegon's portfolio managers, who prioritise enhancing data availability as a key area of focus.

Over the past year, there has been some progress in the availability of ESG-related data across European RMBS/ABS originators, but it remains limited. The availability of EPC data continues to be a significant challenge for investors who seek to incorporate ESG factors into their RMBS evaluations. Dutch and UK originators generally perform better in providing this data, whereas Southern European originators tend to lag. However, French originators have shown improvement in the availability of this data, indicating gradual progress.

## **M&G, Total Return Credit Investment Fund**

### **ING Groep NV**

In September 2023, M&G engaged with Dutch financial institution ING Groep NV to discuss the bank's environmental commitments, particularly its net-zero and decarbonisation targets. ING is currently committed to a near-term Science Based Targets initiative (SBTi) goal, and M&G sought to understand more about the bank's progress and to push for further commitments towards net-zero.

M&G made several specific requests to improve the transparency and effectiveness of ING's reporting, which would allow M&G and other stakeholders to better track the bank's progress. These included: asking for a consolidated and clear data disclosure within a single place, including financed emissions; requesting additional Scope 3 reporting categories beyond the current categories of category 15 (investments) and business travel; and encouraging ING to resume its Carbon Disclosure Project (CDP) submissions, which it had ceased completing. M&G also requested that ING publish key milestones in its climate strategy and link these to remuneration as part of its incentive structures.

Following this engagement, ING completed its CDP disclosure for the year, meeting one of M&G's key requests. Further updates on the other points raised by M&G are expected as the dialogue continues.

### **Apollo, Total Return Fund**

#### **Covanta Holding Corporation**

Apollo has engaged with Covanta Holding Corporation as part of its ongoing efforts to address ESG risks and opportunities that may impact the company's long-term financial performance and meet stakeholder needs. As of Q1 2024, Apollo held a 0.05% position in Covanta, with the engagement focusing on both environmental and social factors.

During the engagement, Apollo discussed several ESG-related topics with Covanta, including the company's progress towards its sustainability-linked goals, staff turnover, and unionisation levels. Covanta reported that it believes it is on track to meet its sustainability-linked key performance indicators (KPIs) by the end of 2025. The company also highlighted that staff attrition is a key metric for its management team, alongside diverse representation. Although attrition was higher in the years leading up to the pandemic, Covanta shared that it has been decreasing in recent times. Furthermore, Covanta does not view inflation as a significant challenge for the wages and benefits it provides its employees. The company also disclosed that less than 10% of its workforce is unionised, a figure it does not anticipate will become a major concern in the near future.

These discussions have provided Apollo with a more comprehensive understanding of the ESG risks and opportunities that Covanta faces, helping to shape Apollo's investment decisions and ensuring that ESG factors are integrated into its broader investment strategy.