

The Bradshaws Pension and Life Assurance Scheme

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 11 August 2022

Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (SIP) produced by the Trustees has been followed during the year to 11 August 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Trustees' Investment Objective

The Trustees believe it is important to consider the policies in place in the context of the investment objectives it has set.

The Trustees' primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustees also ensure that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustees' policies on ESG factors, stewardship and climate change. The policies were last reviewed in September 2020. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

The Trustee recognises that a proportion of the Scheme's assets are invested on a passive basis, which limits the investment manager's ability to take active decisions on whether to hold securities based on the investment manager's considerations of ESG factors, including climate change.

Scheme's Investment Structure

The Scheme's only investment is a Trustee Investment Policy ('TIP') with Mobius Life Limited ('Mobius'). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. Currently all the underlying funds are managed by Legal & General Investment Management (LGIM). As such, the Trustees do not have a direct relationship with LGIM. The Trustees have the responsibility of monitoring the pooled funds, in conjunction with advice received from their investment advisor, Mercer.

Engagement

In the last year, the Trustees have not engaged on matters pertaining to ESG, stewardship or climate change. The Trustees are working with their investment consultant to consider actions that can be taken to engage with the underlying fund manager going forward. The performance reports provided to the Trustees by Mercer now include ESG specific ratings for each fund.

Voting Activity

The Trustees have delegated their voting rights to the investment manager of the Scheme. The Trustees have not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of future statement.

Legal & General Investment Management (“LGIM”) Passive Equity Funds

LGIM has been a signatory to the UK Stewardship Code every year since the inception of the Code and intends on being a signatory for the 2020 code once applicable. LGIM aims to comply with the EU Shareholder Rights Directive II while engaging in voting activity in accordance with the Investment Association’s Responsible Investment Framework. Through the Institutional Investors Group on Climate Change, LGIM wrote to EU heads of state and governments highlighting their support for the proposed EU net zero emissions target and to senior officials in the European Commission pressing for a robust methane policy as part of implementing the Green Deal. Voting data is produced by LGIM using data extracted from the manager’s third-party proxy-voting provider, Institutional Shareholder Services’ ProxyExchange platform, an electronic voting platform used by LGIM’s Investment Stewardship team to vote its clients’ shares.

In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation. This includes, but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and / or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign in line with LGIM Investment Stewardship’s 5 year ESG priority engagement themes.

The table below sets out a summary of the key voting activity over the financial year:

Fund	Proxy voter used?	Votes cast			Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions	
LGIM Asia Pacific (ex Japan) Developed Equity Index Fund	Institutional Shareholder Services (ISS) – recommendations only. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions.	3,573 resolutions eligible for (99.97% cast)	28.36%	0.03%	<p>Santos Limited - LGIM voted ‘against’ the resolution to approve Advisory Vote on Climate Change.</p> <p>Rational for vote: <u>-Climate change:</u> While LGIM notes the improvement the company has made with regards to its operational emissions reduction targets, a vote AGAINST is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. The absence of tangible scope 3 targets, together with the potential fossil fuels expansion plans, are at odds with the level of ambition required to align with such goals.</p> <p>Outcome: 63% of shareholders supported the resolution.</p> <p>Implications of Outcome: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>
LGIM Diversified Fund		99,646 resolutions eligible for (99.75% cast)	21.86%	0.74%	<p>Apple Inc. - LGIM voted ‘for’ a Report on Civil Rights Audit.</p> <p>Rational for vote: <u>-Diversity:</u> A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.</p> <p>Outcome: 54% of shareholders supported the resolution.</p> <p>Implications of Outcome: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>
LGIM UK Equity Index Fund		10,884 resolutions eligible for (99.93% cast)	5.88%	0.00%	<p>Royal Dutch Shell Plc - LGIM voted ‘against’ the resolution to approve the Shell Energy Transition Progress Update.</p> <p>Rational for vote: <u>- Climate change:</u> A vote against is applied, though not without reservations. LGIM acknowledges the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remains concerned of the disclosed</p>

plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.

Outcome: 80% of shareholders supported the resolution.

Implications of Outcome: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

LGIM Japan Equity Index Fund

6,327 resolutions eligible for (100.00% cast) 11.54% 0.02%

Toray Industries, Inc. - LGIM voted 'against' the resolution to elect Director Nikkaku, Akihiro.

Rational for vote:

Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors.

Diversity: A vote against is applied due to the lack of meaningful diversity on the board.

Outcome: 64% of shareholders supported the resolution.

Implications of Outcome: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

LGIM North America Equity Index Fund

8,407 resolutions eligible for (99.41% cast) 34.69% 0.06%

Amazon.com, Inc. - LGIM voted 'against' the resolution to elect Director Daniel P. Huttenlocher.

Rational for vote:

Human Rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.

Outcome: 93% of shareholders supported the resolution.

Implications of Outcome: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

LGIM Europe (Ex UK) Equity Index Fund

10,371 resolutions eligible for (99.75% cast) 17.95% 0.50%

ABB Ltd. - LGIM voted 'against' the resolution to reelect Peter Voser as Director and Board Chairman.

Rational for vote:

Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least 25% of board members being women. LGIM expects companies to increase female participation both on the board and in leadership positions over time.

Outcome: 79.5% of shareholders supported the resolution.

Implications of Outcome: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Pinduoduo Inc. - LGIM voted 'against' the election of Lei Chen as Director.

Rational for vote:

- **Joint Chair/CEO:** LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.

- **Lead Independent Director:** LGIM expects companies to elect an independent lead director where there is a combined Board Chair and CEO.

Outcome: 99% of shareholders supported the resolution.

Implications of Outcome: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Johnson & Johnson – Nordea voted 'for' the a report on government financial support and access to COVID-19 vaccines and therapeutics (shareholder proposal).

Rational for vote: Nordea thinks reporting on the impact of public funding on the company's pricing and access plans would allow shareholders to better assess the company's management of related risks.

Outcome: The vote did not pass.

Implications of Outcome: Nordea will continue to support shareholder proposals on this issue as long as it is needed.

LGIM World Emerging Markets Equity Index Fund

35,288 resolutions eligible for (99.97% cast) 18.94% 2.32%

Nordea Diversified Return Fund

ISS - for proxy voting, execution and research. NIS - is mainly used for analysis.

2,381 resolutions eligible for (98.82% cast) 9.05% 1.36%
