

Engagement Policy Implementation Statement (“EPIS”)

Brambles Enterprises (1996) Pension Scheme (the “Scheme”)

Scheme Year End – 05 April 2023

The purpose of the EPIS is for us, the Trustee of the Brambles Enterprises (1996) Pension Scheme, to explain what we have done during the year ending 05 April 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by our managers align with our expectations in relation to stewardship, and that our voting policy has been implemented effectively in practice.

We delegate the management of the Scheme’s assets to our fiduciary manager Aon, and we are comfortable with the management and the monitoring of ESG integration and stewardship of the underlying managers that have been carried out on our behalf.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly Environment Social Governance ("ESG") ratings from Aon for the funds the Scheme is invested in where available.

Over the year, the Trustee and Company received training around the regulatory requirements and how responsible investments could be better incorporated into the pension scheme arrangements if appetite existed in future. It was agreed that the Scheme was currently investing in assets with a focus on responsible investments, however this could be expanded further to align with the Company views in future. This is expected to be discussed further over 2023.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP:
<https://www.bramblesenterprises1996pensionscheme.co.uk>

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

- While LGIM and BlackRock did provide a comprehensive list on fund level engagements, which we find encouraging, they did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard, and also did not provide overall firm level engagement information.
- For the illiquid investments held by the Scheme: Blackstone, M&G and Schroders did not provide fund level engagement information; BlackRock, CVC and Kennedy Lewis were not able provide any engagement information; and Marshall Wace provided limited engagement information. Whilst the opportunities for engagement with illiquid investments, such as property funds, are not as extensive as they are for other investments, such as equity and corporate bonds, we would still expect our investment managers of these funds to demonstrate and report on some level of engagement; for example, by engaging with tenants and the local community to address potential issues and drive change, as per the guidance issued by the Pension and Lifetime Saving Association ("PLSA").

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our fiduciary manager, Aon, will continue to engage with our investment managers to better understand their engagement practices and discuss the areas that are behind their peers.

Our fiduciary manager's engagement activity

We delegate the management of the Scheme's defined benefit assets to our fiduciary manager, Aon. Aon manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2023 which broadly matches the Scheme year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM – Multi-Factor Equity Fund	11,712	99.8%	20.2%	0.1%
BG Fund	3,185	32.3%	1.0%	4.0%
Marshall Wace – Market Neutral ESG TOPS Fund	3,973	87.5%	7.7%	13.7%

Source: Managers

Hedge fund strategies, like the Marshall Wace Market Neutral ESG TOPS Fund and the BG Fund, are often implemented using derivatives and can involve shorter-term trading of lots of securities. This can limit the managers' ability to vote in respect of the underlying holdings. As such, managers generally vote when they have a material interest to do for the benefit of their investors.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Description of use of proxy voting advisers

Legal and General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
Boussard & Gavaudan ("BG")	We do not use proxy advisory services.
Marshall Wace LLP ("MW")	MW has developed a customised firm-wide ESG voting policy using the Glass Lewis ESG service. Whilst Glass Lewis have recently rolled out their own ESG voting policy criteria, we have chosen to adapt this further according to our own specific criteria.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the fund invested in by the Scheme

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm Level	
LGIM – Multi-Factor Equity Fund	279	Not provided	Environment – Climate change Social – Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance – Remuneration
BlackRock – Absolute Return Bonds Fund	391	Not provided	Environment – Climate Risk Management Social – Human Capital Management Governance – Board Composition and Effectiveness, Remuneration, Corporate Strategy, Business Oversight/Risk Management
Aegon Asset Management (“Aegon”) – European Asset Backed Securities (“ABS”) Fund	132	441	Environment – Climate change Social – Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance – Board effectiveness - Diversity Other – Proprietary ESG assessment
T. Rowe Price – Dynamic Global Bond Fund	16	778	Environment – Pollution, Waste, Climate change Social – Human capital management Governance – Remuneration Strategy, Financial and Reporting – Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, Capital allocation
M&G – Sustainable Total Return Credit Investment Fund	7	157	Environment – Climate change, Net Zero Social – Human and labour rights, Conduct, culture and ethics Governance – Remuneration, Leadership – Chair/CEO
Abrdn – Climate Transition Bond Fund	44	2,484	Strategy, Financial and Reporting – Capital allocation, Reporting, Financial performance, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks) Other – Climate, Environment, Human Rights & Stakeholders, Corporate Behaviour, Corporate Governance
LGIM – Global Diversified Credit SDG Fund	79	Not provided	Environment – Climate change, Natural resource use/impact (e.g. water, biodiversity) Social – Human and labour rights, Human capital management Governance – Board effectiveness – Diversity, Remuneration
Marshall Wace – Market Neutral ESG TOPS Fund			Not provided
Boussard and Gavaudan – BG Fund	20	20	Environment – Climate change, Pollution, Waste Social – Human capital management Governance – Board effectiveness - Independence or Oversight, Shareholder rights Strategy, Financial and Reporting – Reporting Other – Exit of Russian assets
BlackRock – UK Property Fund	<i>Not provided, the manager stated that the Fund does not hold publicly listed securities, hence they do not produce engagement report</i>		

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm Level	
Schroders – Real Estate Fund ¹	Not provided	>2,800	Environment – Climate change Social – Human and labour rights, Human capital management, Public health Governance – Board effectiveness - Diversity
Blackstone – Property Partners Europe Fund ¹	Not provided	Not provided	Environment – Climate change Social – Conduct, culture and ethics, Human capital management Governance – Board effectiveness - Diversity, Independence or Oversight
M&G – Debt Opportunities Fund IV ¹	Not provided	157	Environment – Climate change Social – Human and labour rights, Human capital management Governance – Board effectiveness - Independence or Oversight, Remuneration
Fidera – Dislocated Asset Fund IV ¹	58	58	Environment – Climate change Social – Conduct, culture and ethics, Human and labour rights Governance – Board effectiveness - Diversity, Independence or Oversight, Remuneration Strategy, Financial and Reporting – Capital allocation, Strategy/purpose
Kennedy Lewis – Credit Partners II Fund			Not provided
CVC – Credit Partners EU Fund			Not provided

Source: Managers

¹Schroders, Blackstone, and M&G (in respect of the Debt Opportunities fund only) did not provide fund level themes; the themes noted above are at a firm-level.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM and BlackRock did provide fund level engagement information but not in the industry standard ICSWG template. Additionally, the managers did not provide any firm level engagement information.
- Schroders and M&G (excluding the Active Global Fixed Income Strategy) did not provide fund level engagement data.
- Blackstone did not provide engagement statistics.
- Kennedy Lewis and CVC provided no engagement data requested, but did provide details of their ESG policies.
- Marshall Wace provided limited engagement information, including a detailed illustrative example of its engagement activity at a firm level.
- The engagement statistics provided by Fidera were identical at a firm and fund level, indicating a potential discrepancy.

This report does not include commentary on the Scheme’s synthetic equity, gilts or cash because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Scheme’s assets that are held as AVCs.

Approved by the Trustee of the Brambles Enterprises (1996) Pension Scheme on 9 October 2023

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below

LGIM – Multi-Factor Equity Fund	Company name	Eli Lilly and Company
	Date of vote	02-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.9%
	Summary of the resolution	Require Independent Board Chair
	How you voted	LGIM voted in favour of the shareholder resolution (management recommendation: against).
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting (“AGM”) as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
	Outcome of the vote	Failed
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress
	On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).
Boussard and Gavaudan – BG Fund	Company name	SPIE SA
	Date of vote	11-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	6.4%
	Summary of the resolution	Delegation of authority to the Board of Directors to decide the share capital increase, with Preferential subscription rights
	How you voted	Against Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	Yes - While we did not inform the company of our voting intention strictly ahead of the vote, we have always been clear with them that we disapprove of giving blank check to companies and that we would always oppose such resolutions.
	Rationale for the voting decision	We believe that the company should not be able to increase capital without consulting with shareholders and that, should a capital increase take place, shareholders should not be penalized by giving preferential terms to management.

	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Not provided
	On which criteria have you assessed this vote to be "most significant"?	Vote against management as we disapprove of giving blank check to companies
Marshall Wace – Market Neutral ESG TOPS Fund	Company name	NortonLifeLock Inc
	Date of vote	Sep 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Advisory Vote on Executive Compensation
	How you voted	Against Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	Not provided
	Rationale for the voting decision	Voting against management
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Not provided
	On which criteria have you assessed this vote to be "most significant"?	Voting against management

Source: Managers