

Engagement Policy Implementation Statement (“EPIS”)

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

Scheme Year End – 5 April 2024

The purpose of the EPIS is for us, the Trustee of the Brambles Enterprises (1996) Pension Scheme (the “Scheme”), to explain what we have done during the Scheme Year 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, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of the Scheme’s defined benefit assets to our fiduciary manager, Aon Investments Limited (“AIL”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

Summary of the Trustee Engagement Action Plan

Not all underlying investment managers were able to provide all the engagement information requested by AIL and AIL will continue to engage with these managers to encourage improvements in their reporting. These issues are set out in the Trustee Engagement Action Plan.

How voting and engagement policies have been followed

The Scheme is invested in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with the policies set out in our SIP. 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, AIL. In particular, we received quarterly ESG ratings from AIL for the funds the Scheme is invested in where available.

At the October 2023 Trustee meeting, we received a responsible investment update from AIL. This included outlining how AIL integrates ESG factors into every asset class. We also received training on ESG focussed strategies that are available for investment.

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.

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 Environmental Social Governance ("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 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:

1. While Legal & General Investment Management (“LGIM”) did provide a comprehensive list on fund level engagements, which we find encouraging, it 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.
2. Blackstone were unable to provide both firm level and fund level engagement data. 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”).
3. Our fiduciary manager, AIL, will continue to engage with these managers to better understand their engagement practices and discuss the areas that are behind their peers.
4. We will invite our fiduciary manager to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on our behalf, and how these help us fulfil our Responsible Investment policies.
5. We will undertake more regular meetings with our fiduciary manager if required, to ensure our fiduciary manager is using its resources to effectively influence positive outcomes in our relevant funds.

Our fiduciary manager's engagement activity

As set out in the Scheme's SIP, we invest the Scheme's assets in AIL's fiduciary management platform. Under this arrangement, the implementation of the Scheme's investment strategy is delegated to AIL, acting within parameters set by us.

The Scheme's assets may be invested in a combination of return-seeking funds as well as liability matching assets. The strategic allocation to each fund is determined by the target level of return, and target hedging of interest rates and inflation.

The underlying investment managers within each selected fund are appointed by AIL, based on AIL's best ideas and due diligence processes.

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

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

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

In 2021, AIL 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).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

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 manager’s 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. We believe that good stewardship is in the members’ best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders’ interests. 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 manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for the Scheme’s material fund with voting rights. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2024 which is the closest quarter end to the Scheme Year End.

Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM – Multi-Factor Equity Fund	12,190	99.8%	21.1%	0.2%

Source: Manager. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

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 manager uses proxy voting advisers.

Manager	Description of use of proxy voting adviser(s) (in the manager’s own words)
LGIM	LGIM’s Investment Stewardship team uses Institutional Shareholder Services (ISS)’s ‘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.

Source: LGIM

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme’s investment manager to provide a selection of what it considers to be the most significant votes in relation to the Scheme’s fund. A sample of it can be found in the appendix.

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.

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 funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund/firm level
	Fund level	Firm level	
PIMCO – Climate Bond Strategy	186	>1,355	Environment - Climate Change Governance - Board, Management & Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance Other - ESG Bonds and Others
Robeco – Sustainable Development Goals Credit Income Fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board Effectiveness - Other Other - SDG Engagement
LGIM – Multi-Factor Equity Fund	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition
Aegon Asset Management – European Asset Backed Securities Fund	127	528	Environment - Climate Change Governance - Board Effectiveness - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
M&G – Sustainable Total Return Credit Investment Fund	13	297	Environment - Net Zero/Decarbonisation; Nature and Biodiversity Social - Diversity and Inclusion; Inequality Governance - Board Composition
Robeco – Short Dated Credit Fund	28	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board Effectiveness - Other Other - SDG Engagement
Blackstone – Property Partners Europe Fund	<i>Not provided</i>	<i>Not provided</i>	Environment* - Emissions Reduction
Fidera – Dislocated Asset Fund IV	64	64	Environment - Natural resource use/impact; Pollution, Waste Social - Conduct, culture, and ethics Governance - Board effectiveness - Diversity Strategy, Financial and Reporting - Capital allocation

Source: Managers

*Blackstone 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 did provide fund level engagement information but not in the industry standard ICSWG template.
- Blackstone did not provide engagement statistics.

This report does not include commentary on certain asset classes such as liability driven investments, 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 30 September 2024

Appendix – Significant Voting Example

In the table below is an example of a significant vote as provided by the Scheme’s manager. We consider a significant vote to be one which the manager considers significant.

LGIM – Multi-Factor Equity Fund	Company name	Alphabet Inc.
	Date of vote	02-Jun-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.7
	Summary of the resolution	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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 - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
	Outcome of the vote	Fail
	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 monitor the board’s response to the relatively high level of support received for this resolution.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Source: LGIM