

Engagement Policy Implementation Statement (“EPIS”)

The Bridon Group (2013) Pension Scheme (the “Scheme”)

Scheme Year End – 31 December 2022

The purpose of the EPIS is for Capital Cranfield Pension Trustees Limited (“the Trustee”) to explain what the Trustee has done during the year ending 31 December 2022 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How the Trustee’s 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 the Trustee’s voting rights have been exercised, 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 undertaken during the year by the Trustee and its investment managers, the Trustee believes that the policies set out in the SIP have been implemented effectively.

In the Trustee’s view, most of the Scheme’s material investment managers were able to disclose strong evidence of voting and engagement activity and that the activities completed by the Trustee’s managers aligned with the Trustee’s stewardship priorities.

Not all of the investment managers were able to provide all of the engagement information requested. The Trustee’s fiduciary manager, Aon Investments Limited (“AIL”), will continue to engage with these managers to encourage improvements in their reporting, as set out in the Trustee’s Engagement Action Plan.

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. The Trustee reviewed the stewardship activity carried out over the Scheme year by the material investment managers and in the Trustee's view, most of the investment managers were able to disclose adequate 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.

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

Each year as part of the Trustee's preparation of this statement, the Trustee reviews the voting and engagement policies of the Scheme's investment managers to ensure they align with the Trustee's own policies for the Scheme. Over the year the Trustee received and reviewed the Annual Stewardship and Cost Disclosure reports from its fiduciary manager. The Trustee is satisfied that these metrics are in line with expectations and that no further action is required. The Trustee will continue to review this information on an annual basis.

The Trustee has put in place formal objectives in relation to the delivery of strategic investment advice, compliance, monitoring and service standards for its investment adviser and reviews the adviser's performance against these objectives on an annual basis. In addition, the Trustee appointed Isio to provide an independent annual review of its fiduciary manager.

The Scheme's stewardship policy can be found in the SIP:

<https://www.bridonpensions.co.uk/investment/>

The SIP is reviewed at least triennially or when there is a significant change to the circumstances of the Plan.

Our Engagement Action Plan

Based on the work undertaken for the EPIS, the Trustee decided to take the following steps over the next 12 months:

1. Schroder Investment Management ("Schroders") did not provide the engagement information requested for our investment in its Securitised Fund. The manager noted that evaluating a securitized product differs from assessing a going-concern corporation. Additionally, the manager highlighted that engagement in terms of, e.g., labour rights, board diversity, and shareholder rights do not apply to its securitized products. Aon will work with Schroders to better understand their engagement practices and discuss the areas which are behind those of its peers.
2. While Legal and General Investment Management Limited ("LGIM") and BlackRock provided a comprehensive list on fund level engagements, which the Trustee found encouraging, they did not provide detailed engagement examples specific to the fund in which the Trustee is invested, as per the Investment Consulting Sustainability Working Group ("ICSWG") industry standard engagement reporting template, and also did

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

not provide firm-level engagement information. Aon will continue to engage with these managers to encourage improvements in their engagement reporting.

Our fiduciary manager's engagement activity

The Trustee invests some of the Scheme's assets in AIL's Adept Strategy 9 Fund, Adept Strategy 25 Fund. These are fund of fund arrangements, where AIL selects the underlying investment managers on the Trustee's behalf.

The monitoring of ESG integration and stewardship of the underlying managers is delegated to Aon. The Trustee has reviewed AIL's latest annual Stewardship Report and believe it shows that AIL 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. The Trustee expects 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 for the year to 31 December 2022.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM – Multi Factor Equity Fund	11,634	99.7%	20.3%	0.2%
BlackRock – Emerging Markets Equity Fund	32,753	97.0%	12.0%	4.0%

Source: LGIM, BlackRock

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.

	Description of use of proxy voting adviser(s)
LGIM	LGIM's Investment Stewardship team uses 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. For more details, please refer to the Voting Policies section of this document.
BlackRock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

Source: LGIM, BlackRock

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.

Significant voting examples

To illustrate the voting activity being carried out on the Trustee's behalf, the Scheme's investment managers were asked 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 over the year. 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 firm-level
	Fund specific	Firm level	
LGIM – Multi Factor Equity Fund	320	Not provided	Climate change, Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health, and others. ¹
BlackRock – Emerging Markets Equity Fund	450	Not provided	Climate Risk Management, Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Governance Structure, and others. ¹
Robeco - Sustainable Development Goals ("SDG") Credit Income Fund	11	252	Climate change, Natural resource use/impact, Human and labour rights, Human capital management, Remuneration, and others.
Schroders plc – International Selection Fund ("ISF") Securitised Credit Fund	Not provided	>2800	Social (Community Relations and Culture), Environment (Communications), Environment – Waste, Sustainable Development, Collaboration & Community and others.
Schroders – International Selection Fund ("ISF") Securitised Credit Fund			Not Provided
Aegon Asset Management ("Aegon") - European ABS Fund	132	441	Climate change, Human and labour rights, Board effectiveness - Independence or Oversight, Remuneration, Reporting (e.g. audit, accounting, sustainability reporting), and others.
Leadenhall – Insurance Linked Securities	309	321	Climate change, Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human and labour rights (e.g. supply chain rights, community relations); Board effectiveness – Diversity, Independence or Oversight; Reporting (e.g. audit, accounting, sustainability reporting), and others.

Source: LGIM, BlackRock, Robeco, Schroders, Aegon, Leadenhall

¹These engagement themes are at a fund level.

Data limitations

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

- Schroders did not provide the engagement information requested however it did provide a detailed breakdown of its policy for engaging on securitised products, with some examples of engagement at a firm level.
- LGIM and BlackRock did provide fund level engagement information but not in the industry standard template. Additionally, the managers did not provide any firm level engagement information.

The Trustee will work with Aon to engage with the managers to encourage improvements in their reporting.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. The Trustee considers 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
	How the manager voted	LGIM voted in favour of the shareholder resolution (management recommendation: against).
	Did the manager communicate its intent to the company ahead of the vote?	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 AGM as our engagement is not limited to shareholder meeting topics.
	Summary of the resolution	Resolution 7 - Require Independent Board Chair
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~0.9%
	Outcome of the vote	Fail
	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.
	Implications of 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.
	Criteria on which the vote is considered 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).
BlackRock – Emerging Markets Equity Fund	Company name	Grupo Financiero Banorte SAB de CV
	Date of vote	23-May-2022
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	Not provided
	Summary of the resolution	Approve Cash Dividends of MXN 6.08 Per Share
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided
	Outcome of the vote	Pass
	Rationale for the voting decision	Not provided
	Implications of the outcome	Not provided
	Criteria on which the vote is considered significant?	Vote Bulletin

Source: LGIM, BlackRock