

The Bradshaws Pension and Life Assurance Scheme

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 11 August 2020

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 2020. 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 investment manager, Mercer Limited, has invested the Scheme's assets in a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform which 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 has 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. This includes the potential inclusion of ESG specific ratings within performance reporting (with ratings derived by the investment consultant) in the coming year and this will help to determine whether further action should be taken in respect of specific funds.

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 next year's 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			Most significant votes (description)	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.	3512	911	0	<ul style="list-style-type: none"> 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. 	No significant votes
LGIM Diversified Fund		94816	17254	531		No Significant Votes
LGIM UK Equity Index Fund		12007	825	1		SIG plc – Vote to approve one-off payment to Steve Francis proposed at the company's special shareholder meeting on 9 July 2020. Voted against as LGIM doesn't support one-off payments, remuneration should be agreed for a role and responsibility. Other factors were considered, such as the payment being 65% of annual salary for two months work, and cash payments risking breaking covenants on credit. Outcome was resolution passed with 44% opposing.
LGIM Japan Equity Index Fund		6455	843	0		Olympus Corporation – Vote to elect director Takeuchi Yasuo at the annual shareholder's meeting held on 30 July 2020. Voted against due to a lack of female representation on the board, of which the company had been engaged with in the past. Vote was passed with 94.4%.
LGIM North America Equity Index Fund		9562	2617	6		No Significant Votes
LGIM Europe (Ex UK) Equity index Fund		9789	1530	39		No Significant Votes