

Engagement Policy Implementation Statement (“EPIS”)

James Cropper Public Limited Company Pension Scheme (the “Scheme”)

The purpose of this document is for Entrust Pension Limited, as Trustee of the Scheme, to demonstrate the actions taken during the Scheme year ending 31 March 2023 to achieve certain policies and objectives set out in the Scheme’s Statement of Investment Principles (“SIP”).

The contents of this EPIS includes:

1. How the Trustee’s policies in the Scheme’s SIP covering 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 has exercised its voting rights or how these rights have been exercised on the Trustee’s behalf, including the use of any proxy voting advisory services and the ‘most significant’ votes cast over the Scheme year.

In preparing this EPIS, the Trustee has used data from its fiduciary investment manager, Aon Investments Limited (AIL).

Our conclusion

Based on the activity undertaken during the year, the Trustee is of the view 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 adequate evidence of voting and engagement activity, and this activity was in line with our expectations. Mirova did not provide any of the engagement data requested.

AIL intends to write to these managers and communicate the Trustee’s expectations of improved disclosure going forwards.

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

Summary of Our 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’s Engagement Action Plan.

How voting and engagement policies have been followed

The majority of the Scheme's assets are invested in pooled funds and so the responsibility for voting and engagement is delegated to the Scheme's underlying investment managers.

The Trustee has reviewed the stewardship activity of the material underlying investment managers over the Scheme year and in our 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 is set out in the following sections.

Responsible Investment (RI) policy development

The Trustee's RI policy was created following an exercise to collate the individual views of the Trustee's team with respect to different RI issues. The Trustee reviewed the conclusions from this exercise alongside the features of the Scheme and its investment arrangements to help it formally establish its RI views, beliefs and objectives. This exercise resulted in the establishment of a stand-alone RI policy by the Trustee. Throughout the year, the Trustee ensured the RI policy remained relevant and up to date.

Ongoing monitoring

The Trustee receives regular updates on RI matters from AIL.

Each year the Trustee reviews the annual stewardship report and SIP provided by AIL. This sets out detailed voting and engagement commentary for each underlying investment manager within the fiduciary investment portfolio and, alongside this EPIS, allows the Trustee to assess the actions taken by the AIL-appointed investment managers over the year.

Sponsor consultation

The Trustee believes that the views of the sponsor, where applicable, should be aligned to the Scheme's RI policy and objectives. The sponsor is consulted with any amendments to the SIP.

The Scheme's SIP, including the Trustee's stewardship policy, is also publicly available and can be found here: [James Cropper Public Limited Company Pension Scheme – Gateley \(gateleyplc.com\)](#)

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 engagement action plan

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

1. While Legal and General Investment Management Limited (“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 the Scheme is invested, as per the Investment Consulting Sustainability Working Group (“ICSWG”) industry standard engagement reporting template. AIL will continue to engage with these managers to encourage improvements in their respective engagement reporting.
2. Mirova did not provide all the engagement data requested. The Trustee will invite the fiduciary manager to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on the Trustee’s behalf, and how these help the Trustee fulfil their Stewardship policies.
3. The Trustee will look for opportunities to develop ESG monitoring of the underlying investment managers.
4. The Trustee will continue to undertake an annual review of the AIL stewardship report and evaluate how the underlying investment managers’ Responsible Investment policies align with those of the Trustee.

What is the Engagement Action Plan?

In preparing the Engagement Policy Implementation Statement, AIL and the Trustee have discovered specific areas where they would like to see improvement over time.

The Engagement Action Plan sets out specific issues that AIL and the Trustee will look to address over the forthcoming year, as well ongoing commitments around ESG monitoring and reporting.

Our fiduciary manager's engagement activity

As set out in the Scheme's SIP, the Trustee invests 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 the Trustee.

The Scheme assets may be invested in a range of funds which can include multi-asset, multi-manager and specialist third party liability matching funds. AIL selects the underlying investment managers to manage the investments on behalf of the Trustee, based on a 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.

The Trustee delegates the monitoring of ESG integration and stewardship of the underlying managers to AIL. Over the year, AIL held several engagement meetings with the underlying managers in its funds. At these meetings, AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers, and 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 also engaged with the wider asset management 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 over the year.

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 equity funds with voting rights for the year to reporting year end 31 March 2023.

	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%
Nordea Asset Management – Global Climate and Environmental Fund	824	99.2%	5.6%	1.6%
Mirova - Global Sustainable Equity Fund	703	100.0%	43.0%	0.0%

Source: Investment Managers.

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

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 advisers (in the managers' own words)
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.
Nordea Asset Management	In general, every vote we cast is considered individually on the background of our bespoke voting policy, which we have developed in-house based on our own principles. Our proxy voting is supported by two external vendors (ISS and Nordic Investor Services "NIS") to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.
Mirova	Mirova utilises ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendations are not prescriptive or determinative to our voting decision.

Source: Investment Managers.

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 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 level	Firm level	
Aegon – European Asset Backed Securities Fund	132	441	Environment – Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness - Independence or Oversight, Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)
T. Rowe Price – Dynamic Global Bond Fund	16	778	Environment – Pollution, Waste, Climate change Social – Human capital management (e.g. inclusion & diversity, employee terms, safety) 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 (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance – Remuneration, Leadership – Chair/CEO
Abrdn – Climate Transition Bond Fund	44	2,484	Strategy, Financial and Reporting – Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Financial performance, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks) Climate, Environment, Human Rights & Stakeholders, Corporate Behaviour, Corporate Governance
LGIM – Global Diversified Credit Sustainable Development Goals (SDG) Fund	58	1,224	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Social – Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Public health, Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, and others.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund level	Firm level	
LGIM Investment Management Limited - Multi Factor Fund	279	1,224	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 – Board Effectiveness - Diversity, Board Effectiveness - Other, Remuneration Strategy, Financial and Reporting – Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, and Others
BlackRock – Absolute Return Bonds Fund	391	3,886	Environment - Climate Risk Management, Operational Sustainability Social - Human Capital Management, Social Risks and Opportunities Governance - Corporate Strategy, Remuneration
Nordea Asset Management – Global Climate and Environmental Fund	36	994	Environment - Pollution, Waste, Climate change Social - Human and labour rights (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Board effectiveness – Diversity Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose
Mirova - Global Sustainable Equity Fund			<i>Not provided</i>

Source: Investment Managers. Aegon did not provide fund level themes; themes provided are at a firm-level:

Data limitations

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

- Mirova did not provide sufficient engagement data requested.
- LGIM and BlackRock did not provide any firm-level engagement information.

The Trustee will work with AIL to engage with the managers to encourage improvements in their reporting, where appropriate.

This report does not include commentary on the Scheme's liability driven investments or cash, etc because of the limited materiality of stewardship to these asset classes.

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 relevant investment manager deems significant, based on its own criteria. Investment 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?	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).
Nordea Asset Management	Company name	Republic Services
	Date of vote	16 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.8%
	Summary of the resolution	Report on third-party civil rights audit (shareholder proposal)
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Given that an independent civil rights audit would aid the shareholders to better assess the effectiveness of the company's efforts to address the issue of any inequality within their operation, this merits shareholder approval.
	Outcome of the vote	Against

Mirova - Global Sustainable Equity Fund	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to vote for such proposals in this company as well as in other relevant companies
	On which criteria have you assessed this vote to be "most significant"?	Significant votes are those that are severely against our principles, and where we feel we need to enact change in the company.
	Company name	SunRun Inc.
	Date of vote	1 June 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.9%
	Summary of the resolution	Executive Compensation and Director Elections (2 resolutions)
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes - We articulated our preference for the removal of stock options from the compensation structure and provided feedback on potential ESG metrics for the Executive Compensation arrangements.
	Rationale for the voting decision	Prior to executing our vote, members of the sustainability research team engaged with SunRun to discuss the structure of the compensation arrangements. We advocated for the elimination of stock options and explained our rationale. The company has very responsive and committed to examining this possibility. We further gave insight into possible, meaningful sustainability metrics that the Executive Compensation arrangements could incorporate as the company grows.
	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?	We found this company to be quite open and eager to receive shareholder feedback. It was helpful to have the ESG analyst that focuses on climate change and the energy sector part of the call to provide detailed insight regarding the various potential sustainability criteria the company could incorporate into compensation.
	On which criteria have you assessed this vote to be "most significant"?	Relevant to engagement strategy, core company

Source: Investment Managers.

Commented [RJ1]: I think this is a little confusing. As is it written it is referring to the "Scheme" which you've defined on page 1. I think what is being referred to within here is the executive compensation arrangements. I've updated remove confusion