

## Brother Staff Retirement Benefits Scheme

### Engagement Policy Implementation Statement in relation to investments

#### Introduction

The Trustees of the Brother Staff Retirement Benefits Scheme (the 'Scheme') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 March 2022. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments (including environmental, social and governance (ESG) factors), and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

#### Stewardship - monitoring and engagement

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the investment managers and expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

#### Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment managers engage in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to the investment managers' engagement policy or suitable alternative is provided in the Appendix.

## Engagement Policy Implementation Statement in relation to investments (continued)

### Investment manager engagement policies (continued)

The latest available information provided by the investment managers (for mandates that contain public equities or bonds) is as follows:

Engagement	Period	Engagement definition	Number of companies engaged with over the year	Number of engagements over the year
LGIM UK Equity Index	01/04/2021-31/03/2022	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.	147	244
LGIM World Equity Index	01/04/2021-31/03/2022	See above	351	535
LGIM Active Corporate Bond	01/04/2021-31/03/2022	See above	82	175
LGIM Diversified Fund	01/04/2021-31/03/2022	See above	434	631
Partners Group Partners Fund	01/01/2021 – 31/12/2021	Not provided	Not provided	Not provided

### Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

# Engagement Policy Implementation Statement in relation to investments (continued)

## Exercising rights and responsibilities (continued)

The Trustees consider the proportion of votes cast, and the proportion of votes against management and believed this to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers, covering equity voting rights for the year ending 31 March 2022 except for the Partners Group Partners Fund for which the most up to date information was up to 31 December 2021, is as follows:

Voting behaviour							
	Period	Number of meetings eligible to vote at	Number of resolutions eligible to vote on	Proportion of votes cast	Proportion of votes for management	Proportion of votes against management	Proportion of resolutions abstained from voting on
LGIM UK Equity Index	01/04/2021-31/03/2022	772	10,813	100%	93.1%	6.9%	0%
LGIM All World Equity Index	01/04/2021-31/03/2022	6,519	64,607	99.8%	80.7%	18.1%	1.3%
LGIM Diversified Fund	01/04/2021-31/03/2022	9,010	90,252	98.8%	78.7%	20.5%	0.8%
Partners Group Partners Fund	01/01/2021-31/12/2021	63	811	91.7%	90.6%	5.4%	4.0%

## Trustees' assessment

The Trustees have considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustees will consider whether to engage with the investment manager.

The Trustees have reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

## Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

Investment manager	Engagement policy
Partners Group	<a href="https://www.partnersgroup.com/en/sustainability/responsible-investment">https://www.partnersgroup.com/en/sustainability/responsible-investment</a>
Legal & General Investment Management	<a href="https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf">https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf</a>

Information on the most significant votes for each of the LGIM funds containing quoted equities is shown below. No data was received from Partners.

LGIM UK Equity Index	Vote 1	Vote 2	Vote 3
Company name	Informa Plc	The Sage Group Plc	JD Sports Fashion Plc
Date of Vote	03/06/2021	03/02/2022	01/07/2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.33	0.30	0.18
Summary of the resolution	Resolution 3 - Re-elect Stephen Davidson as Director; Resolution 5 - Re-elect Mary McDowell as Director; Resolution 7 - Re-elect Helen Owers as Director; Resolution 11 - Approve Remuneration Report	Resolution 11 - Re-elect Drummond Hall as Director	Resolution 4 - Re-elect Peter Cowgill as Director
How the fund manager voted	Against Resolutions 3, 5, 7, and 11 (against management recommendation).	Against	Against
Where the fund manager voted against management, did they communicate their 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 LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	The company's prior three Remuneration Policy votes – in 2018, June 2020, and at a	Diversity: A vote against is applied because of a lack of progress on gender	LGIM has a longstanding policy advocating for the separation of the roles

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<p>General Meeting that was called in December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the December 2020 meeting, the Remuneration Policy and the Equity Revitalisation Plan (EVP) received over 40% of votes against. The EVP was structured to award the CEO restricted shares to a value of 600% of salary. LGIM has noted our concerns with the company's remuneration practices for many years. Due to continued dissatisfaction, we again voted against the proposed Policy at the December 2020 meeting. However, despite significant shareholder dissent at the 2018 and 2020 meetings, the company implemented the awards under the plan, a few weeks after the December meeting. Additionally, the Remuneration Committee has adjusted the performance conditions for the FY2018 long-term incentive plan (LTIP) awards while the plan is running, resulting in awards vesting where they would otherwise have lapsed. Due to consistent problems with the implementation of the company's Remuneration Policy and the most recent</p>	<p>diversity on the board. LGIM expects boards to have at least one-third female representation on the board.</p>	<p>of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.</p>
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	<p>events as described above, LGIM has voted against the Chair of the Remuneration Committee for the past three years. Given the company has implemented plans that received significant dissent from shareholders without addressing persistent concerns, LGIM has taken the decision to escalate our vote further to all incumbent Remuneration Committee members, namely Stephen Davidson (Remuneration Committee Chair), Mary McDowell and Helen Owers.</p>		
Outcome of the vote	<p>Resolution 3 - 53.4% of shareholders supported the resolution.</p> <p>Resolution 5 - 80% of shareholders supported the resolution.</p> <p>Resolution 7 - 78.1% of shareholders supported the resolution.</p> <p>Resolution 11 - 38.3% of shareholders supported the resolution.</p>	94.4%	84.8%
Implications of the outcome	<p>LGIM will continue to seek to engage with the company and monitor progress.</p>	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>
Criteria on which the vote is assessed to be "most significant"	<p>We consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting.</p>	<p>LGIM views gender diversity as a financially material issue for our clients, with implications for the</p>	<p>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</p>

	Publicly pre-declaring our vote intention is an important tool for our engagement activities. We decide to pre-declare our vote intention for a number of reasons, including as part of our escalation strategy, where we consider the vote to be contentious, or as part of a specific engagement programme.	assets we manage on their behalf.	board chair and CEO (escalation of engagement by vote).
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LGIM All World Equity Index - GBP Hedged	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	Amazon.com, Inc.
Date of Vote	04/03/2022	30/11/2021	26/05/2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.69	3.60	2.21
Summary of the resolution	Resolution 9 - Report on Civil Rights Audit	Elect Director Satya Nadella	Resolution 1a - Elect Director Jeffrey P. Bezos
How the fund manager voted	For	Against	Against
Where the fund manager voted against management, did they communicate their 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.		
Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since

			<p>2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.</p>
Outcome of the vote	53.6%	94.7%	95.1% of shareholders supported the resolution.
Implications of the outcome	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.</p>	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress</p>
Criteria on which the vote is assessed to be “most significant”	<p>LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p>	<p>A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes</p>	<p>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).</p>



LGIM Diversified Fund	Vote 1	Vote 2	Vote 3
Company name	NextEra Energy, Inc.	Union Pacific Corporation	Apple Inc.
Date of Vote	20/05/2021	13/05/2021	04/03/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.409	0.403	0.370
Summary of the resolution	Resolution 1h - Elect Director James L. Robo	Resolution 1d - Elect Director Lance M. Fritz	Resolution 9 - Report on Civil Rights Audit
How the fund manager voted	Against	Against	For
Where the fund manager voted against management, did they communicate their 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.		
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.

	on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.	on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.	
Outcome of the vote	88.1% of shareholders supported the resolution.	90.5% of shareholders supported the resolution.	53.6%
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.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	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 assessed 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).	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).	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.