Brett Group Occupational Defined Contribution Pension Scheme - Implementation Statement as at 31 May 2023

This Implementation Statement complies with the *Occupational Pension Scheme (Investment) Regulations 2005 (as amended)* to:

* Provide information on how, and the extent to which, the Trustees’ policies documented in its Statement of Investment Principles (“SIP”) been followed during the year ended 31 May 2023 (“the reporting year”).
* Provide a summary of the voting behaviour and most significant votes cast during the reporting year.

The Trustees produced a SIP in 2020 which sets out details on the default arrangement which was in place for the Scheme for the full reporting year.

Trustees’ policies

This SIP was last amended in December 2020. The table below lists the Trustees’ various investment policies and provides commentary on how and the extent to which the various policies were followed during the reporting year.

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| **Summary of Trustees’ policy** | **How the policy was followed** |
| **Environmental, Social and Governance (“ESG”) and voting rights:** The policy sets out the Trustees’ belief that there may be material financial risks relating to ESG issues. The Trustees have delegated the exercise of rights (including voting rights), the ongoing monitoring and the management of ESG risks (including those related to climate change) to the Scheme’s investment managers. The Trustees require investment managers to take ESG risks into consideration within their decision-making and encourages managers to engage with investee companies on any material matter (such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance). The Trustees will monitor this to ensure managers act in line with their policy. | The Trustees recognise that how managers do this is dependent on the issues that arise and the characteristics of the asset classes in which investments are held. The Trustees have obtained the voting information which is set out in this statement. The Trustees were satisfied that they followed the policy to a sufficient extent. |
| **Review of Statement of Investment Principles:** The SIP will be reviewed at least every three years or following any significant events. The Trustees will receive annual confirmation of the appropriateness of the SIP. | The Trustees produced a Statement of Investment Principles in 2020, setting out details of the default strategy for members. The Trustees’ professional advisers confirmed the SIP was appropriate. |
| **Review of investments held:** The Trustees’ policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary. | The Trustees with help from their professional advisers monitor the investments to ensure they remain in line with their requirements. To help with monitoring the Trustees receive valuation and performance monitoring reports from the platform. The Trustees were satisfied that they followed the policy to a sufficient extent. No new investments were made over the reporting year. |
| **New investments:** The Trustees will follow their selection criteria (including considering ESG capabilities) and will obtain written advice and consider whether future decisions about those investments should be delegated to the Investment Managers. | No new investments were made over the reporting year. |
| **Suitability of default arrangement**: The Trustees will ensure that the default arrangement made available to members holds a suitably diversified range of securities. The Trustees will ensure sufficient assets in the default arrangement are liquid. | The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements. |
| **Investment restrictions:** Not to hold in excess of 5% of the Scheme’s assets in investments related to the Principal Employer; the assets of the default arrangement being predominantly invested in regulated markets; and only using derivatives for risk reduction and only borrowing where absolutely necessary. | The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements. |
| **Review of investment managers:** The Trustees will review the appointment of the Investment Managers in accordance with their responsibilities. | The Trustees with help from their professional advisers monitor the managers to ensure they remain in line with their requirements. To help with monitoring the Trustees receive performance monitoring reports from the platform provider which include performance relating to the default arrangement. The Trustees were satisfied that they followed the policy to a sufficient extent. |
| **Fund manager remuneration**: To ensure fee levels are appropriate for the particular asset class and fund type. | This is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Consultant to ensure it is in line with the Trustees’ policies. The Trustees were satisfied that they followed the policy to a sufficient extent under the existing investment arrangements. |

The Trustees are satisfied that the policies set out in the Statement of Investment Principles were followed in the reporting year.

Voting activity

The only Scheme investments in the default arrangement where managers had voting rights during the reporting year were the diversified growth funds that hold equity shareholdings. A summary of the voting behaviour and most significant votes cast by each investment manager is set out below.

**Please note that the information on the managers’ voting activity has been provided by Prudential / BlackRock, and this is reflected in the use of “we” throughout. Any opinions contained within do not necessarily reflect the views of the Trustees. The data and significant votes detailed has been provided for the year to 31 March 2023.**

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| **Voting Information** | | | |  |
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| **Prudential Dynamic Growth IV Fund**  **Prudential Dynamic Growth II Fund**  The same voting information applies for both funds as the underlying building blocks for the funds are the same. | | | |  |
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| **Investment Manager Client Consultation Policy on Voting** | | | |  |
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| As the Prudential funds invest in BlackRock pooled funds, voting is carried out by BlackRock. | | | |  |
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| **Investment Manager Process to determine how to Vote** | | | |  |
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| The following is an overview of the BlackRock voting process for deciding how to vote:  The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock’s observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company’s approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company’s unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock’s Investment Stewardship team would not implement the policy ourselves, but the client would engage a third-party voting execution platform to cast the votes. | | | |  |
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| **How does this manager determine what constitutes a 'Significant Vote’?** | | | |  |
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| The following is an overview of the BlackRock voting process for deciding what constitutes a ‘Significant Vote’:  BlackRock Investment Stewardship prioritizes its work around themes that we believe will encourage sound governance practices and deliver sustainable long-term financial performance. Our year-round engagement with clients to understand their priorities and expectations, as well as our active participation in market-wide policy debates, help inform these themes. The themes we have identified in turn shape our Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which we look at the sustainable long-term financial performance of investee companies.  We periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements. | | | |  |
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| **Does the manager utilise a Proxy Voting System? If so, please detail** | | | |  |
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| The following is an overview of BlackRock’s proxy voting process:  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.  In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations  • BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients’ assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed  • We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial  • We do not follow any single proxy research firm’s voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company’s own disclosures, in our voting and engagement analysis  • We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision  • The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. | | | |  |
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| **5 Significant Votes during the Period** | | | |  |
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| The examples below have been provided by BlackRock. | | | |  |
| Company | Voting Subject | How did the Investment Manager Vote? | Result |  |
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| **J Sainsbury plc** | **Item 21: Shareholder Resolution on Living Wage Accreditation** | **BlackRock voted AGAINST this shareholder proposal (in line with Board recommendation)** | **Not provided** |  |
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| BlackRock Investment Stewardship (BIS) supports companies paying their workers a wage equal to or above current real living wage rates, and we engage with boards and management on their approach to ensuring their company is best placed to recruit and retain the workers on which they depend for their success.  However, we did not support the shareholder proposal. In our view, worker pay policies and rates should be determined by company management, with reference to relevant regulations and board oversight. We do not believe it is consistent with our clients’ long-term interests to legally bind J Sainsbury plc (Sainsbury’s) to peg their pay levels to those set by the Living Wage Foundation, as the passing of the shareholder proposal would require. This decision reflects our view that it is not the role of shareholders to direct company management to cede control of a key decision, core to the company’s ability to deliver their strategy and balance the interests of all stakeholders, to a third-party.  Further, Sainsbury’s have demonstrated over time their willingness to respond to changing stakeholder expectations. On this issue, they have a strong track record of offering above-market employee benefits. They engaged constructively with the parties who submitted the shareholder proposal, and with other investors, including BlackRock. They recently enhanced their pay policies so all direct employees receive the real living wage appropriate to the region in which they live. We encourage Sainsbury’s to continue to engage with their supplier partners to also pay the real living wage to contract workers’.  Given the importance of frontline workers to the company’s success, we will continue to engage with Sainsbury’s on their approach to human capital management. | | | |  |
| **NWD** | **Item 3(e): To re-elect Mr. Lee Luen-Wai, John as Director** | **BlackRock voted FOR item 3(e) (in line with Board recommendation)** | **Not provided** |  |
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| BIS supported the re-election of Mr. Lee Luen-Wai, John, despite his long tenure on the board, because we believe shareholders would be well served by an orderly renewal of the board, rather than replacing all four experienced INEDs at once. We note that NWD has been responsive to shareholder concerns, including BIS’, regarding the tenure and related independence of their INEDs and we believe the company is moving in the right direction. | | | |  |
| **Alphabet, Inc.** | **Item 8: Report on Metrics and Efforts to Reduce Water Related Risk (Shareholder proposal)**  **Item 9: Oversee and Report a Third-Party Racial Equity Audit (Shareholder proposal)** | **BlackRock voted FOR these shareholder proposals (against Board recommendation)** | **Not provided** |  |
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| *Item 8: Report on Metrics and Efforts to Reduce Water Related Risk (FOR)*  BIS supported this shareholder proposal because, in our assessment, shareholders would benefit from more information on the company’s approach to water dependencies and impact.  The shareholder proposal requested that “Google annually report, at reasonable cost, quantitative water-related  metrics by location, including data centres, and for each location, practices implemented to reduce climate related water risk.”  Engaging on water risks is an increasingly important topic for BIS, as discussed in our commentary on our  approach to engagement on natural capital. We appreciate when companies disclose their policies on water,  waste, and materials, including their approach to identifying and managing water scarcity and pollution-related  risks, as well as responsible waste disposal and recycling efforts as they relate to fresh water and oceans. In  addition, we also find it useful when companies disclose their water stewardship strategy, with a focus on  facilitating sustainable water security for their business and for the communities in which they operate.  BIS believes that water management is a material risk for Alphabet given the significant volumes of water used  to cool data centers.  The company recently enhanced their water metrics disclosure to include three water  indicators (total water withdrawal, consumption, and discharge), in line with industry standards. Alphabet has a  goal to replenish more water than the company consumes by 2030 and is focusing water stewardship efforts in  three main areas: 1) enhancing stewardship of water resources across Google office campuses and data  centres; 2) replenishing 120% of the average amount of water they consume across their offices and data  centres, and improving watershed health and ecosystems in water-stressed communities; and, 3) sharing  technology and tools that help everyone predict, prevent, and recover from water stress.  However, the company does not explicitly disclose annual water use or other risk metrics by location; therefore,  it is difficult for stakeholders to determine the company’s regional approach, localized water stress trends and  risks, as well as possible progress year over year. Notably, Alphabet’s peers provide this level of information. For these reasons, we supported this shareholder proposal as we believe it is in the best economic interests of our  clients for Alphabet to enhance their disclosure on this material long-term business risk.  *Item 9: Oversee and Report a Third-Party Racial Equity Audit (FOR)*  BIS supported this shareholder proposal because, in our view, shareholders would benefit from a third-party assessment of Alphabet’s diversity, equity and inclusion (DEI) practices.  The shareholder proposal requested that the Board “commission a third-party, independent racial equity audit  analyzing Alphabet Inc.’s adverse impacts on Black, Indigenous and People of Color (BIPOC) communities.  Input from racial justice and civil rights organizations and employees, temporary vendors, and contractors  should be considered in determining specific matters to be analyzed.”  BIS believes that periodic racial equity audits can be beneficial for companies in addressing material risks and  opportunities to enable stakeholders to track the effectiveness of the company’s DEI efforts, and their stated goals, thereby providing insight into the company’s ongoing priorities. As such, we appreciate when companies disclose how they consider the interests of their workforce in business decision-making. In this context, we look to companies to disclose information about their commitment to advancing DEI, including their efforts to recruit, retain, and develop diverse talent, create an inclusive workplace for all workers, support executive training for underrepresented groups, and address any compensation gaps across different workforce demographics.  Alphabet’s current reporting is clear and robust, including their racial equity commitments and internal DEI efforts. As part of their racial equity commitments, Alphabet set a goal to improve leadership representation of  Black+, Latinx+ and Native American+ Googlers in the U.S. by 30% by 2025. In 2020, the Board agreed on a  series of industry-leading principles and improvements that incorporated input from both Googlers and  stockholders, including the creation of a DEI Advisory Council comprised of senior executives and external DEI experts. The company also created the positions and appointed a dedicated Head of Civil Rights and a Global  Head of Human Rights. Also, Google invests $50 million in Historically Black Colleges and Universities (HBCUs)  in the U.S. in order to better address the diversity gap in tech.  While the company has enhanced their work and program development as it relates to DEI, we believe that a  third-party audit would better enable shareholders to assess the effectiveness and outcomes of the company’s stated policies and track progress against their stated goals. As a result, we supported this shareholder proposal. | | | |  |
| **Broadcom Inc** | **Item 1: Elections of Compensation Committee members: Harry L. You, Diane M. Bryant,**  **Eddy W. Hartenstein, Check Kian Low**  **Item 3: Approve an amendment and restatement of the 2012 stock plan**  **Item 4: Advisory vote to approve named executive officer compensation** | **BlackRock voted FOR Item 3 and AGAINST Items 1 and 4 (in line with Board recommendation for Item 3, but against Board recommendation for Item 1 and Item 4)** | **Not provided** |  |
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| *Item 1: Elections of compensation committee members: Harry L. You, Diane M. Bryant, Eddy W. Hartenstein, Check Kian Low (AGAINST) Item 4: Advisory vote to approve named executive officer compensation (AGAINST)*  BIS did not support Broadcom's say-on-pay proposal which sought approval of pay policies that we did not consider to be aligned with the interests of long-term shareholders. As a result, we also determined not to support the re-election of the members of the Compensation Committee.  *Item 3: Approve an amendment and restatement of the 2012 stock plan (FOR)*  We voted in support of the omnibus stock plan proposal in recognition of the company’s use of equity plans  to incentivize employees beyond the executive leadership team. | | | |  |
| **Shell plc** | **Management proposal(s):**  **Item 25: Approve the Shell Energy Transition Progress**  **Shareholder proposal(s):**  **Item 26: Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement** | **BlackRock voted FOR Item 25 and AGAINST Item 26 (in line with Board recommendation)** | **Not provided** |  |
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| *Item 25: Approve the Shell Energy Transition Progress (FOR)*  BIS supported this management proposal in recognition of the delivery to date against the company’s Energy Transition Strategy.  Shell’s current disclosure states that the company aims to reduce their scope 1 and 2 greenhouse gas (GHG)  emissions by 50% by 2030 compared to 2016 levels on a net basis. By 2022, operational emissions had been reduced by 30%. In addition, in the past year, Shell has continued to deliver against their target to increase total capex spending on low- and zero-carbon energy. Last year, Shell spent $3.5 billion of cash capital expenditure on renewables and energy solutions, of which $2.9 billion was on low carbon energy solutions, up from $2.4 billion spent on renewables and energy solutions in 2021, within which $1.8 billion was spent on low carbon energy solutions. Shell also acquired Sprng Energy, one of India’s leading renewable power platforms, and has agreed to acquire Nature Energy, the largest producer of renewable natural gas in Europe, representing an investment of around $3.5 billion in new businesses to support their objective to deliver on Shell's Powering Progress strategy. This will increase the company’s renewables capacity in operation and enable the company to develop low- and zero-carbon alternatives to traditional fuels.  Overall, Shell has and continues to provide a clear assessment of their plans to manage climate-related risks and opportunities and has demonstrated continued delivery against their Energy Transition Strategy. Given that the speed and shape of a low carbon transition are unclear, company disclosures that include scenario analysis and provide context on the transition plan and targets, help investors’ understanding of company-specific risks and opportunities. In our view, Shell’s reporting and approach are aligned with our clients’ long-term financial interests; therefore, we supported the management resolution.  *Item 26: Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement (AGAINST)*  BIS did not support this shareholder proposal because in our view, it was overly prescriptive and unduly constraining on management’s decision making.  In our commentary, “Climate-related risk and the energy transition,” we discuss that, as investors, we find it  helpful to be able to evaluate companies’ assessments of their emissions across their value chain, or scope 3  emissions, where appropriate, and efforts to reduce them over time. A growing number of companies have  started disclosing scope 3 emissions estimates, which provide important insight into the full carbon component of companies’ goods and services. This further allows investors to evaluate the long-term risks and resilience of  companies’ value chains. However, we recognize that the methodology, accounting, assurance, and regulatory landscape for scope 3 emissions is complex, varied, and still evolving. Double counting is also a legitimate  concern. Accordingly, we understand that the scope 3 disclosures that companies are able to make at this time will necessarily be on a good faith and best-efforts basis.  Currently, Shell has set a target to reduce the net carbon intensity of their energy products by 20% by 2030 compared to 2016. They have also developed and disclosed their approach to demonstrate how their targets are aligned with the goals of the Paris Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.  From the shareholder proposal’s supporting statement, it appears that the proponent is requesting that the  company set an absolute reduction target for their scope 3 GHG emissions. In our view, this is overly prescriptive and unduly constraining on management’s decision making. Adhering to the proponent’s ask would require Shell to reduce product sales or alter their business composition, which could impact the company’s financial strength and unduly constrain management. For those reasons, BIS determined that the shareholder proposal was not aligned with the financial interest of shareholders. As a minority investor on behalf of our clients, BlackRock relies on the boards and management teams of companies to implement the strategies they deem most appropriate with the objective of delivering durable long-term financial returns.  Therefore, BIS did not consider it in the financial interests of our clients to support this shareholder proposal. As  discussed above, in our assessment of their Energy Transition Strategy, the company is addressing the risks and opportunities in their business model stemming from a low carbon transition and has demonstrated that they are delivering against their stated plan. | | | |  |