

Engagement Policy Implementation Statement (“EPIS”)

Banner Business Supplies Limited Pension Scheme (the “Scheme”) Scheme Year End – 31 December 2024

The purpose of the EPIS is for Entrust Pension Limited, as Trustee of the Scheme, to demonstrate the actions taken during the Scheme Year to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”).

The contents of this EPIS includes:

1. How the Trustee’s policies in the 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 reporting year.

In preparing this EPIS, the Trustee has used data from its fiduciary investment manager, Aon Investments Limited (AIL), for the 2024 calendar year.

Trustee Conclusion

Based on the activity undertaken during the year, the Trustee believes that the policies set out in the SIP have been implemented effectively.

In the view of the Trustee, 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 the Trustee’s stewardship expectations.

The Trustee delegates the management of some of the Scheme’s assets to our fiduciary manager, AIL. The Trustee believes the activities completed by AIL to review the underlying managers’ voting and engagement policies and activities align with the Trustee’s stewardship expectations. We believe that voting rights have been implemented effectively on the Trustee’s behalf.

Summary of the Trustee 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 Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with the policies set out in the SIP.

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 good 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.

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 in depth portfolio updates from AIL at quarterly Trustee meetings, covering investment performance, portfolio positioning and topical updates, including ESG-related updates.

Each year, usually at one of its quarterly Trustee meetings, the Trustee reviews the annual Stewardship Report 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 stewardship policy can be found in the SIP: [Statement of Investment Principle Banner Business Supplies Limited 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 Environmental Social Governance ("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

Trustee Engagement Action Plan

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

1. The Trustee will invite an RI specialist from AIL to a meeting to revisit how AIL is monitoring voting practices and engaging with underlying managers on the Trustee's behalf, and how these help the Trustee fulfil its RI policies.
2. The Trustee will continue to undertake an annual review of the AIL's Stewardship Report and evaluate how the underlying investment managers' RI policies align with those of the Trustee.
3. The Trustee will continue to work with AIL to encourage improvements in the reporting by underlying investment managers. The Trustee noted that while LGIM provided a complete list of engagements for the invested funds, this did not include as much detail as recommend in the best practice industry standard.

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.

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's assets may be invested in a combination of return-seeking funds as well as bespoke hedging component which provides the Scheme with protection against changes in long-term interest rate and inflation expectations via a bespoke Liability Driven Investment (LDI) portfolio. The strategic allocation to each fund is determined by the target level of return, and target hedging of interest rates and inflation, set by the Trustee. 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 monitoring of ESG integration and stewardship of the underlying managers to AIL. The Trustee has reviewed AIL's latest annual Stewardship Report, and believes it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. AIL 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 industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL 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).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

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 Trustee still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the Trustee will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

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. The Trustee believes that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. 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 strategy with voting rights for the year to 31 December 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Legal and General Investment Management ("LGIM") - Multi-Factor Equity Fund (Hedged & Unhedged)	11,565	99.6%	20.8%	0.4%
UBS Global Asset Management ("UBS") - Emerging Market Equity Climate Transition Fund	7,595	85.0%	10.9%	2.0%
UBS - Global Equity Climate Transition Strategy Fund	12,145	93.0%	8.0%	0.1%

Source: Investment Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

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 investment managers use proxy voting advisers.

Managers	Description of use of proxy voting advisers (in the managers' own words)
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.
UBS	UBS AM retains the services of Institutional Shareholder Services (ISS) for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings.

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

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, AIL 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 investments. A sample of these significant votes can be found in the appendix.

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.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
PIMCO - Climate Bond Strategy Fund	254	1,517	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Human and Labour Rights; Human Capital Management; Conduct, Culture and Ethics Governance - Board, Management and Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance; Strategy/Purpose
Robeco - Sustainable Development Goals ("SDG") Credit Income Fund	12	324	Environment - Climate Change Social - Human and Labour Rights Governance - Shareholder Rights; Board Effectiveness - Other
Aegon Asset Management ("Aegon") - European Asset Backed Securities (ABS) Fund	115	422	Environment - Climate Change Social - Human and Labour Rights; Public Health Governance - Leadership - Chair/CEO; Remuneration Other - General Disclosure
M&G - Sustainable Total Return Credit Investment Fund	12	406	Environment - Net Zero/Decarbonisation; CA 100+ Engagements; Climate Change; Nature & Biodiversity Social - Diversity & Inclusion Governance - Remuneration
Royal London Asset Management ("RLAM") - Absolute Return Bond Fund	33	710	Environment - Climate Transition Risk Social - Just Transition; Mental Health; Financial Inclusion Governance - Remuneration; Corporate Governance Strategy, Financial & Reporting - Strategy/Purpose
LGIM - Multi-Factor Equity Fund (Hedged & Unhedged)	682	<i>Not provided</i>	Environment - Climate Impact Pledge; Climate Change; Deforestation Social - Human Rights; Gender Diversity; Income Inequality Governance - Capital Management; Remuneration; Mergers and Acquisitions Other - Corporate Strategy
UBS - Emerging Market Equity Climate Transition Fund	38	425	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights; Human Capital Management; Conduct, Culture and Ethics Governance - Remuneration; Board Effectiveness - Other; Shareholder Rights Strategy, Financial & Reporting - Capital Allocation; Strategy/Purpose; Reporting
UBS - Global Equity Climate Transition Fund	174	425	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Human and Labour Rights; Human Capital Management; Conduct, Culture and Ethics Governance - Remuneration; Board Effectiveness - Other; Leadership - Chair/CEO Strategy, Financial & Reporting - Capital Allocation; Financial Performance

Source: Investment Managers.

Data limitations

At the time of writing, LGIM provided a complete list of engagements for the invested funds, however, did not include as much detail as recommended in the best practice industry standard Investment Consultants Sustainability Working Group ("ICSWG") reporting guide. The Trustee expects LGIM to provide further engagement information, in line with the ICSWG reporting guide, after it publishes its annual stewardship report later this year. LGIM's firm level engagement information is expected to be available when its annual report is published.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash 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 material manager. The Trustee considers a significant vote to be one which the relevant investment manager deems significant, based on its own criteria. 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 (Hedged & Unhedged)	Company name	Microsoft Corporation
	Date of vote	10 December 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4
	Summary of the resolution	Resolution 9: Report on AI Data Sourcing Accountability
	How you voted?	Votes supporting resolution
	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 AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.
	Outcome of the vote	Fail
	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?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
UBS - Emerging Market Equity Climate Transition Fund	Company name	Samsung C&T Corp
	Date of vote	15 March 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Approve Appropriation of Income (KRW 4,500 per Common Share and KRW 4,550 per Preferred Share) (Shareholder Proposal)
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Given the company's robust balance sheet, improving operational performance and strong cash flow generation, support for proposals for a higher dividend and share buyback is warranted.

UBS - Global Equity Climate Transition Fund	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We shall continue to monitor the company's income distribution strategy.
	On which criteria have you assessed this vote to be most significant?	Voting escalation action linked to engagement outcome.
	Company name	International Business Machines Corporation
	Date of vote	30 April 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Adopt Science-Based GHG Emissions Targets Including for Value Chain Emissions
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	We will support proposals that seek to promote greater disclosure and transparency in corporate environmental policies as long as: a) the issues are not already effectively dealt with through legislation or regulation; b) the company has not already responded in a sufficient manner; and c) the proposal is not unduly burdensome or overly prescriptive.
	Outcome of the vote	Fail
	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 monitor ahead of the next AGM.
	On which criteria have you assessed this vote to be most significant?	30.8% of shareholders voted in support of the proposal.

Source: Investment Managers