

The B.U.T. Retirement Benefits Scheme

Engagement Policy Implementation Statement for the year ending 30 September 2020

Introduction

The Trustees of the B.U.T. 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 manager.

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 30 September 2020. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

The Trustees, in conjunction with their investment consultant, appoints their investment manager and choose the specific pooled funds to use in order to meet specific Scheme policies. They expect that their investment manager makes decisions based on assessments about the financial and non-financial performance of underlying investments, 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 also expect their investment manager to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

During the year, the Trustees received training from their investment consultant on ESG issues, including stewardship and engagement as part of a broader review of their Statement of Investment Principles.

Stewardship - monitoring and engagement

The Trustees recognise that investment manager's 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 manager and to encourage the manager to exercise those rights. The investment manager is expected to provide regular reports for the Trustees detailing its voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the investment manager and expects the investment manager 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 manager has developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment manager engages 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.

A links to the investment manager's engagement policy is provided below:

Investment manager	Engagement Policy (or suitable alternative)
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

Exercising rights and responsibilities

The investment manager is 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 manager publishes online the overall voting records of the firm on a regular basis.

The investment manager uses 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 manager but rely on the requirement for their investment manager to provide a high-level analysis of their voting behaviour.

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

The latest available information provided by the investment manager are as follows:

Voting behaviour			
Investment manager	Period	Proportion of votes cast	Proportion of votes against management
Legal & General Investment Management	01/01/2019 – 31/12/2019	96%	16.5%

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 the manager's policies in relation to financially material considerations and their voting and engagement activities. This also includes those funds that do not hold listed equities.

Based on this assessment, the Trustees have found the investment manager's policies relating to engagement and voting and how they have been implemented 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 manager being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Over the next year, the Trustees intend to review the way in which they monitor and engage with their investment manager.