

Engagement Policy Implementation Statement (“EPIS”)

Boots Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2023

The purpose of the EPIS is for us, the Trustee of the Boots Pension Scheme, to explain what we have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe 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 good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

A few managers, as outlined below, did not provide any requested engagement information, and the information provided was limited and often not in line with the best practice Investment Consulting Sustainability Working Group (“ICSWG”) industry standard engagement reporting template.

We will engage with these managers, as set out in our engagement plan, to encourage them to provide detailed and meaningful disclosures about their engagement and voting activities, and learn how they consider financially material Environmental, Social and Governance (“ESG”) factors into their voting policies.

How voting and engagement policies have been followed

The Scheme invests in a combination of pooled funds and segregated mandates and the responsibility for voting and engagement is delegated to the Scheme's investment managers (subject to our stewardship policy as set out in the SIP). We reviewed the stewardship activity of the material investment managers carried out 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 of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly Environment Social Governance ("ESG") ratings from Aon for the funds the Scheme is invested in where available.

The ESG rating system is for rated investment strategies and is designed to assess whether investment managers integrate Responsible Investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the investment manager. Aon's researchers also conduct a review of the managers' Responsible Investment related policies and procedures, including a review of their Responsible Investment policy (if they have one), active ownership, proxy voting and / or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the investment manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in an investment strategy's level of ESG integration, or broader Responsible Investment developments.

We have participated in Responsible Investment training sessions with Aon, which provided us with updates on the evolving regulatory requirements, as well as the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making. For example, we received training on Net Zero transitions and the implications of making such a commitment,

Throughout the year, we have been in discussions with Aon, and other relevant parties, to meet the requirements set out as part of the Task Force on Climate-related Financial Disclosures (TCFD) and produce the relevant TCFD report for the Scheme. The TCFD establishes a set of eleven clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks.

In conjunction with our investment adviser, we produced the Scheme's first TCFD disclosures report as at the 31 March 2022 year end. Aon have detailed "lessons learned" from the industry's first wave of TCFD reporting, using feedback from the Pensions Regulator and outlined the new requirements under year 2 TCFD reporting which we will produce as at 31 March 2023 year end.

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

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP: [HA Normal \(wba-boots-pensions.co.uk\)](https://www.wba-boots-pensions.co.uk)

Our Engagement Action Plan

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

1. Whilst LGIM did provide a comprehensive list on fund level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard, and also did not provide overall firm level engagement information.
2. For the illiquid investments held by the Scheme: Basalt and Schroders did not provide fund level engagement information; Kennedy Lewis was not able to provide any engagement information. Whilst the opportunities for engagement with illiquid investments, such as property funds, may not be as extensive as they are for other investments, such as equity and corporate bonds, we would still expect our investment managers of these funds to demonstrate and report on some level of engagement; for example, by engaging with tenants and the local community to address potential issues and drive change, as per the guidance issued by the Pension and Lifetime Saving Association ("PLSA").

We will continue to invite each of our investment managers to a meeting once a year where we can then better understand their voting and engagement practices, and how these help us fulfil our Responsible Investment policies. In addition, we will undertake more regular, detailed ESG monitoring of our managers, including an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own.

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

Section		Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	LGIM - Diversified Multi-Factor Equity Fund	19,925	99.9%	19.2%	1.5%
	Ownership Capital - Global Equity Fund	297	100.0%	20.0%	3.0%
	Mirova - Global Sustainable Equity Fund	703	100.0%	43.0%	0.0%
AVCs	L&G PMC - World Equity Index Fund	38,823	99.9%	20.5%	0.7%
	L&G PMC - Consensus Index Fund	75,774	99.9%	18.2%	1.1%
	L&G PMC - UK Equity Index Fund	10,870	99.9%	5.5%	0.0%
	L&G PMC - Ethical Global Equity Index Fund	16,618	99.8%	17.9%	0.2%
	Phoenix Life - Pensions Traditional With-Profits			<i>Not provided</i>	

Source: Managers

Use of proxy voting adviser

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.

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.

Description of use of proxy voting adviser

Legal & General Investment Management (“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.
Ownership Capital	We currently cast our votes via a dedicated voting provider, ISS. We have our own voting policy.
Mirova	Mirova utilizes ISS, Inc. as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation are not prescriptive or determinative to our voting decision.

Source: Managers

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.

Section	Funds	Number of engagements		Themes engaged on at a fund-level
		Fund specific	Firm level	
	LGIM - Diversified Multi-Factor Equity Fund	458	<i>Not provided</i>	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity, Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose
	LGIM - Active Bond Portfolio	98	<i>Not provided</i>	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality Governance - Board effectiveness – Diversity, Remuneration Strategy, Financial and Reporting - Strategy/purpose
	LGIM - Active Global Bond (Hedged)	257	<i>Not provided</i>	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 – Diversity, Remuneration Strategy, Financial and Reporting - Strategy/purpose
DB	Goldman Sachs Asset Management ("GSAM") - Global Emerging Market Debt - Blend Fund	5	>1,028	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness – Diversity Strategy, Financial and Reporting - Strategy/purpose
	GSAM - Broad Street Loan Partners Fund IV	<i>Not provided</i>	>1,028	Environment - Climate change 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)
	Ownership Capital - Global Equity Fund	143	143	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Independence or Oversight, Board effectiveness – Diversity Strategy, Financial and Reporting - Capital allocation, Strategy/purpose Other - ESG Governance

Section	Funds	Number of engagements		Themes engaged on at a fund-level
		Fund specific	Firm level	
	Schroders - UK Property Fund ¹	<i>Not provided</i>	>2,800	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), Public health Governance - Board effectiveness – Diversity
	Kennedy Lewis - Credit Partners II Fund	<i>Not provided</i>		
	Leadenhall Capital Partners (“Leadenhall”) - Value Insurance Linked Securities	309	321	Environment - Climate change Governance - Board effectiveness – Diversity, Remuneration, Leadership – Chair/CEO, Shareholder rights Strategy, Financial and Reporting - Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Financial performance, Strategy/purpose
	Wellington Management Group (“Wellington”) - Global Credit Fund	689	>9,000	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety), Public health Governance - Board effectiveness – Diversity Strategy, Financial and Reporting - Capital allocation
	Basalt - Infrastructure Partners II Fund ¹	<i>Not provided</i>	120	Environment - Climate change Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness – Diversity Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting), Financial performance
	Mirova - Global Sustainable Equity Fund	33	115	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste 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 – Diversity, Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)
AVCs	L&G PMC - World Equity Index Fund	679	<i>Not provided</i>	Environment - Climate change, Deforestation Social - Climate Impact Pledge Governance - Board Composition, Remuneration
	L&G PMC - Consensus Index Fund	915	<i>Not provided</i>	Environment - Climate change, Deforestation Social - Climate Impact Pledge Governance - Remuneration Strategy, Financial and Reporting - Company Disclosure & Transparency
	L&G PMC - UK Equity Index Fund	266	<i>Not provided</i>	Environment - Climate change, Energy Governance - Board Composition, Remuneration Strategy, Financial and Reporting - Corporate Strategy
	L&G PMC - Ethical Global Equity Index Fund	397	<i>Not provided</i>	Environment - Climate change, Deforestation Social - Climate Impact Pledge Governance - Board Composition, Remuneration
	L&G PMC - Sustainable Property Fund	80	<i>Not provided</i>	Environment - Climate change Social - Climate Impact Pledge Governance - Board Composition, Remuneration Other - Nominations and Successions
		Phoenix Life - Pensions Traditional With-Profits	<i>Not provided</i>	

Source: Managers.

¹Schroders and Basalt 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:

- Phoenix Life did not provide any information requested.
- LGIM did provide fund level engagement information but not in the industry standard ICSWG template. Additionally, the manager did not provide any firm level engagement information.
- Schroders and Basalt did not provide fund level engagement data.
- Kennedy Lewis provided no engagement data requested, but did provide details of its ESG policy.

This report does not include commentary on the Scheme's liability driven investments (including the swap portfolio) 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 managers. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

Ownership Capital - Global Equity Fund	Company name	Tradeweb
	Date of vote	May 2022
	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 a Policy on Board Diversity
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Board diversity and independence has been a key engagement topic for us. While the company added two racially diverse directors, the company lacks gender diversity with one 1/10 directors being women.
	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 continue to engage the company on board diversity and independence.
	On which criteria have you assessed this vote to be "most significant"?	This shareholder proposal is not an annually returning proposal. While the company has taken steps to improve the board diversity following our engagement, there is still more work to be done.
Mirova - Global Sustainable Equity Fund	Company name	SunRun Inc.
	Date of vote	Jun 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 Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes
	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 plan. We advocated for the elimination of stock options and explained our rationale. The company has been very responsive and committed to examining this possibility. We further gave insight into possible meaningful sustainability metrics that the plan 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 the plan.
	On which criteria have you assessed this vote to be "most significant"?	Relevant to engagement strategy, core company
L&G PMC - World Equity Index Fund; L&G PMC - Ethical Global Equity Index Fund	Company name	Alphabet Inc.
	Date of vote	01-Jun-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.2% (World Equity Index Fund); 2.0% (Ethical Global Equity Index Fund)
	Summary of the resolution	Report on Physical Risks of Climate Change
	How you voted	For
	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 - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	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"?
LGIM - Diversified Multi-Factor Equity Fund; L&G PMC - Consensus Index Fund; L&G PMC - UK Equity Index Fund	Company name	Rio Tinto Plc
	Date of vote	08-Apr-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3% (Diversified Multi-Factor Equity Fund); 0.7% (Consensus Index Fund); 2.7% (UK Equity Index Fund)
	Summary of the resolution	Approve Climate Action Plan
	How you voted	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 AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the

	company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
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?	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 significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Source: Managers