

Bank of India Pension and Life Assurance Scheme

Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 30th April 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustees' primary objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change, which also sets out the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees have considered financially material factors such as ESG issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. They believe that ESG factors are implicitly reflected in the expected risk and return profile of the asset classes they are investing in and it is therefore in members' best interests to account for these factors within the investment process.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. The Trustees acknowledge that they cannot directly influence the ESG policies and practices of the companies in which the pooled funds invest. However, the Trustees do expect the fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustees will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are reviewed regularly for existing managers with the help of the investment consultant. The Scheme's current investment manager, Schroders is a signatory of the United Nations Principles for Responsible Investment (UN PRI).

The Trustees will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
- Use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant

The following sections set out how the Trustees' engagement and voting policies were followed and implemented during the year.

Engagement

Monitoring

- The Trustees consider how ESG, climate change and stewardship are integrated within investment processes in appointing new investment managers, implementing investment strategy decisions, and monitoring the existing investment managers. Over the year, no changes were made to the Scheme's strategic asset allocation and no new investment managers were appointed by the Trustees.
- Managers will be expected to report on their own ESG policies as and when requested by the Trustees.
- The Scheme's investment performance report is reviewed by the Trustees on a quarterly basis – this includes ratings from the investment adviser. These ratings include an indication of Mercer's conviction in the ability of a manager to deliver its performance objectives. Deteriorations in these ratings may prompt the Trustees to consider terminating certain managers. The investment performance report includes details of how each investment manager is delivering against their specific mandates.

Stewardship

- Over the year, the Trustees requested that their investment manager, Schroders confirm compliance with the principles of the UK Stewardship Code. Schroders has confirmed that they are signatories of the current UK Stewardship Code and complies with all its principles.
- Over the period, the Trustees did not set any investment restrictions on their appointed investment manager in relation to particular products or activities.

Voting Activity

The Trustees have effectively delegated their voting rights to the managers of the funds the Scheme's investments are invested in.

The Trustees have not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are invested.

Over the last 12 months, the voting activity on behalf of the Trustees was as follows:

Investment Manager Voting Summary

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes cast	Votes against management endorsement	Abstentions		
Schroders – Managed Balanced Fund	<p>Thread Life uses organisations such as ISS, IVIS and Glass Lewis as well as MSCI ESG Research to provide proxy voting research. Proxy voting is effected by Institutional Shareholder Services (“ISS”).</p> <p>The RI team assesses the application of the policy and makes final voting decisions in collaboration with the firm’s portfolio managers and analysts. Votes are cast identically across all mandates for which they have voting authority. All voting decisions are available for inspection on their website seven days after each company meeting.</p>	1,168 (out of 1,184 eligible)	2.45%	0%	<p>A significant vote is defined as a vote against management which signals Schroders are not comfortable with the company's management actions/intentions. This is usually used as an escalation method to an engagement that is not progressing, or otherwise may kick-start an engagement period with the company concerned. After every vote against management, Schroders email the company's IR to tell them how they voted and their rationale behind it.</p>	<p>Example 1: Company: Total SE Summary of the resolution: Approve the Company's Sustainable Development and Energy Transition Rationale: Schroders voted against this proposal on the basis that parts of the emissions strategy did not appear stretching, having already reached short term targets with other targets potentially allowing for overall expansion in emissions from oil and gas. The strategy also does not include any absolute reduction targets between 2030 and 2050 which Schroders consider to be best practice within the sector. Further, the company has failed to provide a periodic vote schedule for investors to continually vote, track progress and monitor ambition on the company's transition plan.</p> <p>Example 2: Company: Rio Tinto Summary of the resolution: Re-elect Sam Laidlaw as Director Rationale: Schroders voted against this proposal due to concerns about culture, diversity and inclusion, and climate progress</p>