

# Annual Engagement Policy Implementation Statement (forming part of the Trustees' Report)

## 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 2024. This statement has been produced in accordance with s36 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

# BANK OF INDIA PENSION AND LIFE ASSURANCE SCHEME

## YEAR ENDED 30 APRIL 2024

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:

Manager / Fund	Proxy voter used?	Votes cast		
		Votes in total	Votes against management endorsement	Abstentions
<b>Schroders Managed Balanced Fund</b>	Institutional Shareholder Services (ISS) act as Schroders' one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with their own bespoke guidelines, they also receive ISS's Benchmark research. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.	Eligible for 3,992 (cast 83.7%)	8.4%	0.3%

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote":

- A significant vote is defined as one that is linked to the Scheme's stewardship priorities/themes.
- A vote could also be significant for other reasons, e.g. due to size of holdings.
- The Trustees are to include details on why a vote is considered significant and rationale for the voting.

# BANK OF INDIA PENSION AND LIFE ASSURANCE SCHEME

## YEAR ENDED 30 APRIL 2024

The Trustees have classified “significant votes” as any vote relating to material holdings (above 1% equity holdings in each fund in which the Scheme was invested during the majority of the year) relating to climate change: including low-carbon transition and physical damages resilience;

Where applicable, examples of such significant votes are summarised in the table below:

Manager /Fund	Company	Date	Why it is significant	Size of holding (% of Fund)	Summary of resolution	Vote cast	If against management, was intention communicated?	Rationale for voting decision	Result & Next Steps
Schroders Managed Balanced Fund	Microsoft Corporation	7th December 2023	Related to climate change and >1% holding	1.1%	Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options	For	Schroders may tell the company of their intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if they have an active engagement on the issue. They always inform companies after voting against any of the board’s recommendations.	Schroders welcome the company providing additional disclosure around how it is protecting its employee plan beneficiaries from climate risk particularly in its default retirement options. Schroders believe that how they have voted is in the best financial interest of their clients.	Fail. Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If they think that the company is not sufficiently responsive to a vote or their other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.