

# 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 30<sup>th</sup> April 2025. 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 2019 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.

## **Investment Strategy**

The Trustees, after considering appropriate investment advice, have invested the assets of the Scheme through a Trustee Investment Plan ("TIP") policy from Mobius Life Limited ("Mobius"), whose appointment foregoes the need for a Custodian. Mobius is authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the FCA. The Mobius TIP facilitates investment into a range of funds managed by third party investment managers, and the value of the Mobius TIP is directly linked to the change in value of the funds. All the investment managers used by the Scheme are authorised and regulated by the FCA.

The Trustees first invested through the Mobius TIP in June 2024 and at the same time the Scheme completed the implementation of an updated low-risk investment strategy where all growth assets were disinvested with the proceeds being invested in a matching portfolio comprised of corporate bonds, multi-asset credit, absolute return bonds and government bonds through the Mobius TIP.

## **Statement of Investment Principles ("SIP")**

The SIP was updated in September 2024 to reflect the transition of assets to the Mobius TIP and the new strategic asset allocation. A copy of the SIP can be found here:

[https://bankofindia.uk.com/documents/44660/301269/Bank\\_of\\_India\\_SIP\\_September\\_2024\\_clean.pdf](https://bankofindia.uk.com/documents/44660/301269/Bank_of_India_SIP_September_2024_clean.pdf)

## **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 through the Mobius TIP. The Trustees acknowledge that they cannot directly influence the ESG policies and practices of the companies in which the underlying investment managers invest. However, the Trustees do expect Mobius, the investment 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 policies 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 research ratings, which include consideration of ESG matters provided by the 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, the Scheme implemented a new low-risk investment strategy where all growth assets were disinvested from and the proceeds were invested in a matching portfolio comprised of corporate bonds, multi-asset credit, absolute return bonds and government bonds. The Trustees considered Mercer's ESG assessment for the new managers as part of the decision making process.
- Investment managers are 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 research ratings and an assessment of how the investment managers embeds ESG into their investment process, including engagement and voting from the investment adviser. 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.

- Following the change to a low-risk investment strategy, a large proportion of the Scheme’s assets are invested in pooled funds containing gilts and index-linked gilts issued by the UK Government. There is therefore very limited ability to influence behaviour by engagement.

### **Voting Activity**

As noted above, in Q2 and Q3 2024 the Trustees implemented a new low-risk investment strategy where all growth assets were disinvested from. The resulting investment strategy is invested in bond based pooled funds, and there are therefore no voting rights in relation to these investments. Prior to the transition of assets to the Mobius TIP in June 2024, the Scheme assets were invested with Schroders, which included equity securities with voting rights attached. The Trustees delegated their voting rights to Schroders for the period they were invested.

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

This Statement sets out a summary of the key voting activity of the pooled funds for which voting was possible (i.e., all funds which include equity holdings) in which the Scheme’s assets were invested. Schroders were only able to provide voting statistics for the full year from 1 May 2024 to 30 April 2025. It should be noted that the Scheme was only invested in the below fund during the period until June 2024:

Manager / Fund	Proxy voter used?	Votes cast		
		Votes in total	Votes against management endorsement	Abstentions
Schroders Managed Balanced Fund	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 7,575 (cast 83.7%)	9.5%	0.2%

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.

There were no votes classified as significant as per the above criteria for the period of the Scheme year in which the Scheme was invested in assets with voting rights.