

# BOLTON ENGINEERING CO LIMITED PENSION SCHEME

## Engagement Policy Implementation Statement

Financial Year Ending 31<sup>st</sup> March 2024

### **Introduction**

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance (“ESG”) factors and climate change set out in the Trustees’ Statement of Investment Principles (“SIP”) have been followed during the year to 31 March 2024. 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, as amended, and the guidance published by the Pensions Regulator.

### **Investment Objectives of the Scheme**

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme included in the SIP are as follows:

*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 and the Sponsoring Employer.*

### **Policy on ESG, Stewardship and Climate Change**

The Trustees must consider all factors that have the potential to impact upon the financial performance of the Scheme’s investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme’s SIP includes the Trustee’s policies on ESG factors, stewardship and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

There were no changes to the SIP over the year. It is available online at:

<https://www.silcoms.com/wp-content/uploads/2022/04/Bolton-Engineering-Statement-of-Investment-Principles-March-2022.pdf>

## **Scheme's Investment Structure**

The Scheme's only investment is a Trustee Investment Policy ('TIP') with Mobius Life Limited ('Mobius'). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

As such, the Trustees have no direct relationship with the Scheme's underlying investment managers.

## **Trustee Engagement**

Mercer's quarterly performance reporting includes Mercer's ESG scores for the funds in which the Scheme is invested. These scores reflect Mercer's view on how the managers incorporate ESG factors into the management of their funds and help the Trustees to determine whether further action should be taken in respect of specific funds.

The Trustees monitor the development of these scores over time, and also consider Mercer's ESG scores when undertaking an investment strategy review and considering new investment funds.

The Trustees are satisfied that Mercer's ESG scores for the funds invested in are satisfactory in the context of the mandates of the funds.

As the Trustees have no direct relationship with the Scheme's underlying investment managers the engagement initiatives are driven by investment managers, mainly through regular engagement meetings with the companies in which they invest or by voting on key resolutions at companies' Annual General Meetings.

The information in the Appendix shows that the Scheme's managers engaged with a large number of investee companies on a wide range of issues.

Further information on the investment managers' approach to responsible investment, voting (including significant votes) and engagement with the investee companies is available at the following website:

Nordea:

<https://www.nordeaassetmanagement.com/responsible-investment>

Payden and Rygel:

[https://www.payden.com/SFDRPolicies/ESG\\_Engagement.pdf](https://www.payden.com/SFDRPolicies/ESG_Engagement.pdf)

Twenty Four:

<https://www.twentyfouram.com/responsible-investment-policy>

M&G:

<https://www.mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments>

Columbia Threadneedle:

<https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>

Insight:

<https://www.insightinvestment.com/investing-responsibly/>

Stewardship:

All the Scheme's investment managers are signatories of the UK Stewardship Code as follows:

Manager	Signatory since
Nordea	2022
Payden and Rygel	2022
Twenty Four	2021
M&G	2021
Columbia Threadneedle	2022
Insight	2022

Source: FRC website

Taking all the above into consideration, the Trustees are satisfied that Responsible Investment is embedded appropriately in the investment managers' approaches to investing.

A further update will be provided in next year's Statement.

### **Voting Activity**

If the Trustees are specifically invited to vote on a matter relating to the corporate policy, they would exercise their right in accordance with what they believe to be in the best interest of the majority of the Scheme's members.

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

As noted earlier, the Scheme has no direct relationship with the pooled funds it is invested in, and therefore the Trustees have no voting rights in relation to the Scheme's investments and no direct ability to influence the managers of the pooled funds. As a result, the Trustees do not directly use the services of a proxy voter as this is not relevant.

Furthermore, the Nordea Diversified Return Fund is the only fund in which the Scheme invests that contains equities, and therefore for which voting is possible. The Appendix sets out a summary of the key voting for that fund.

This includes information on what the fund manager considers to be a significant vote. The Trustees have no influence on this definition but are satisfied that it is reasonable and appropriate.

The Trustees have identified that climate change and carbon neutrality is their most important stewardship priority and therefore determined that votes in relation to this subject are most significant to them.

The Appendix therefore shows those significant votes supplied by the investment manager which the Trustees determine to be a significant vote – i.e. those that are in relation to climate change & carbon neutrality. Taking into consideration materiality, the Trustees have applied a size filter and only considered votes to be most significant if in relation to a company that constitutes 0.25% or more of the specific fund.

#### **Assessment of how the Engagement Policies in the SIP have been followed for the year to 31 March 2024**

The Trustees are satisfied that the Engagement Policies set out in the SIP which was in place over the year have been followed.

# Appendix – Voting and Engagement Activity

This Appendix sets out a summary of the key voting and engagement activity of the pooled funds in which the Scheme’s assets are ultimately invested.

## Engagement:

Fund	Total Engagements	Environmental Engagements*
Nordea Diversified Return Fund	120	60
Payden Absolute Return Bond Fund	160	71
TwentyFour Absolute Return Credit Fund	70	34
M&G Total Return Credit Investment Fund	12	8
CT LDI Real Dynamic LDI Fund	15	11
Insight LDI Enhanced Selection Funds	43	21

\* Environmental engagements shown as specific information on climate change and carbon neutrality not available

Sourced by Mobius from the investment managers

## Voting Activity:

Manager / Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Trustee Most Significant votes*
		Votes in total	Votes against management endorsement	Abstentions / Withheld		
<b>Nordea Diversified Return Fund</b>	Every vote cast is considered individually on the background of Nordea’s bespoke voting policy, which is developed in-house based on their principles.	2,069 resolutions eligible for, 2,066 votes cast	257	51	Significant votes are those that are severely against Nordea’s principles, and where they feel they need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason.	<b>Comcast Corporation</b> <b>Shareholder Resolution</b> - “Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal” <b>Date of vote:</b> 7 June 2023 <b>Size of holding:</b> 1.44% of portfolio <b>Voting:</b> For <b>Manager Rationale:</b> “We believe that additional information on the company’s efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to

---

Proxy voting is supported by two external vendors (ISS and Nordic Investor Services) to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors merged.

During 2023, Glass Lewis was also added to this list of external vendors but is mainly used for analytic input.

From there, Nordea benchmark the proposals versus their policy.

better understand how the company is managing its transition to a low carbon economy and climate change-related risks.”

**Was this communicated to company ahead of vote:** Nordera shared their concern with the Chairman of the Board.

**Vote Outcome:** Resolution failed

**Next steps:** Nordea will continue to support shareholder proposals on this issue as long as it is needed.

---

### Alphabet

**Shareholder Resolution** - “Report on Lobbying Payments and Policy, Report on Framework to Assess Company Lobbying Alignment with Climate Goals etc”

**Date of vote:** 2 June 2023

**Size of holding:** 4.75% of portfolio

**Voting:** For

**Manager Rationale:** “At the Alphabet AGM we supported a number of shareholder proposals, besides Report on managing risks related to data collection, privacy and security, such as Report on physical risks of climate change, Report on climate lobbying and Report on steps to improve racial and gender Board diversity. Management voting recommendations was against on all these proposals. The dominant position of Google, its impact on society and integrity of individuals is very important for us as investors.”

**Was this communicated to company ahead of vote:** No

**Vote Outcome:** Resolution failed

**Next steps:** Nordea will continue to support shareholder proposals on these issues as long as the company is not showing substantial improvements.

---

Voting information is to 31 March 2024 sourced from Nordea

\* All are considered to be most significant because they relate to climate change and carbon neutrality and are in relation to a company that constitutes 0.25% or more of the fund