

# Newmond Pension Plan ('the Plan')

## Annual Engagement Policy Implementation Statement for the Year Ended 31 March 2022

### 1. Introduction

This statement sets out how, and the extent to which, the Plan's Engagement Policy has been followed during the year to 31 March 2022. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Scheme and changes which have been made to the Statement of Investment Principles ("SIP") during the year to 31 March 2022, respectively.



A copy of the SIP is available at <https://baxipensions.co.uk/downloads>.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers of the Plan, and also sets out how the Plan's engagement and voting policy has been met.



### 2. Statement of Investment Principles

#### 2.1. Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set.

The objectives for the Plan specified in the SIP are as follows:

- To optimise returns from investments over the long term which are consistent with the long term assumptions of the Actuary in determining the funding of the Plan.
- To control the various funding risks to which the Plan is exposed.
- To achieve fully funded status on a low-risk liability basis.
- To gradually de-risk to a low-risk investment strategy over time.
- To provide a suitable range of investment funds for AVC contributions.

#### 2.2. Review of the SIP



During the year, the Trustee reviewed the Plan's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). There were no updates to the Plan's investment strategy over the year, therefore no amendments to the SIP were required.

### 3. Engagement Activity by the Plan's Investment Managers

The following are examples of engagement activity undertaken by the Plan's investment managers.

#### Schroders challenges Bank of America on ESG Commitments

In 2021, Schroders asked the bank to develop interim milestones and science-based targets relating to their Paris commitment, plus transparency over methodology.



Schroders also asked the bank to provide supplementary metrics that would support its analysis of the banking sector - in this case Scope 3 Category 15 emissions relating to its financing activities. In addition to this, they asked them to disclose further information on the engagements they are having with highest-risk clients on the climate transition in the banking side of the business e.g. numbers or % engaged, success rates, case studies, and consider setting climate related targets / goals for banking clients.

As a result of these consultations, Bank of America published 2030 interim operational targets. The company does not appear to have science based target initiatives or specific targets for high risk sectors, however it plans to develop these in the future. The company has committed to disclosing its financed emissions no later than 2023.

Bank of America also has said that they engage with clients in high risk sectors on net zero. However, Schroders would like to see increased detail surrounding this topic before they can class the objective as achieved.

#### Insight engages with The Renewable Infrastructure Group plc on governance

Over 2022, a number of The Renewable Infrastructure Group's (the "company") independent Board members are expected to retire, having served 9 years in their roles. This dynamic heightens the need for effective strategies for succession planning. Moreover the company's dividend target has remained unchanged from 2020 whilst Insight have continued to express a preference for fully covered, progressive increases.

During Q4 2021, Insight held meetings with the board and asset manager of this renewable infrastructure holding, with a particular focus on succession planning and capability transitions.

The company remains an important component of the Insight Broad Opportunity Fund's renewable infrastructure exposures providing higher scale, liquidity and a diversified portfolio exposed to a mix of renewable technologies across Europe and the UK. Insight aim to follow up on Board personnel changes to ensure successful capability transition and continue to express our preference for fully covered dividend growth.



## 4. Voting Activity during the Plan year

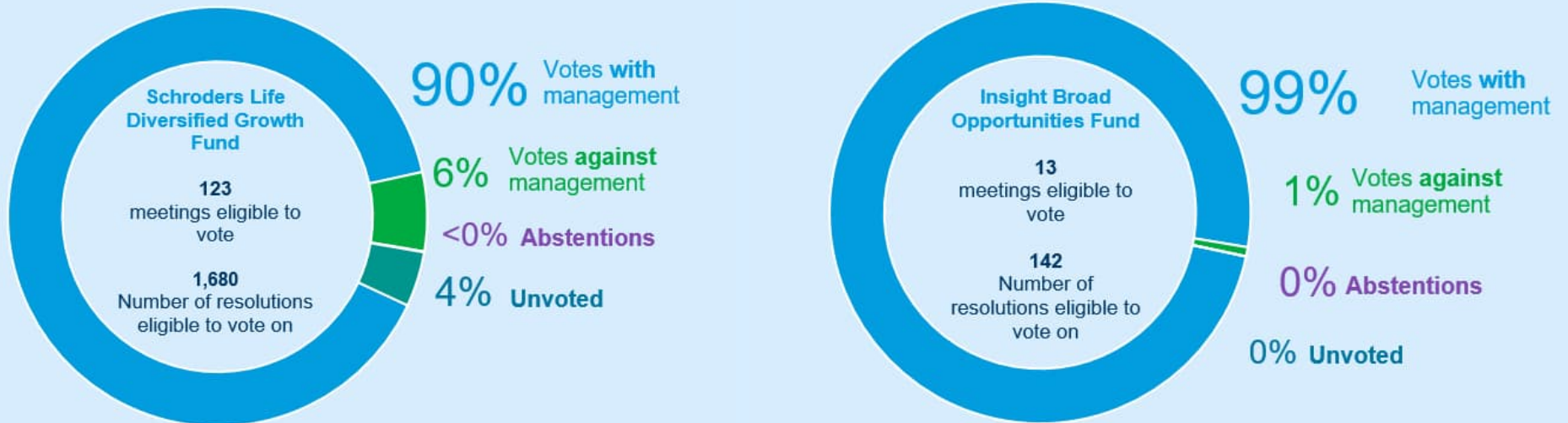
The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. Further details are set out in Section 6 (Policy on Socially Responsible Investment and Corporate Governance) of the SIP.

### How has this policy been met over the year to 31 March 2022?

The Trustee does not use the direct services of a proxy voter.

The Trustee expects that the Plan's investment managers will vote on the Plan's UK shares in accordance with the guidelines set down by the UK Stewardship Code and UK Corporate Governance Code. All of the Plan's investment managers are currently signatories to the current UK Stewardship Code.

Set out below is a summary of voting activity for this reporting period and a sample of the most significant votes cast on behalf of the Trustee by the Plan's investment managers (with investments in equities) is shown on the following page.



Source: Investment managers, data may not sum due to rounding.



## Sample of significant votes

There is no official definition of what constitutes a significant vote; managers have adopted a variety of interpretations such as:

- There is a particular interest in a specific vote relating to an issue,
- The potential impact on the financial outcome,
- Size of the holding in the fund / mandate,
- Voting against management, and
- Whether the vote was high-profile or controversial.



Resolution not passed



Resolution passed

Manager	Fund	Company	Date of vote	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	
Insight <sup>1</sup>	Broad Opportunities	The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and asset-backed aviation finance. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures.					
		XP Power Ltd	20 April 2021	The Manager voted against the resolution to approve the Remuneration Policy	Schroders voted against the resolution as it believed there were excessive increases in salary and incentives.		
Schroders <sup>2</sup>	Diversified Growth	Xenia Hotels & Resorts, Inc.	18 May 2021	Schroders voted against management in the advisory vote to ratify named Executive Officers' compensation	The lack of disclosure around annual bonus individual objectives and goal setting was a primary reason for Schroders voting against the proposal. Also, the long term incentive replacement awards were entirely time-vesting.		
		Informa Plc	3 June 2021	The Manager voted against the application to re-elect Stephen Davidson as director	Schroders voted against the proposal as it believed the company has poor governance practices on the back of continued shareholder descent.		

Source: Investment managers

<sup>1</sup> Overview of Insight's voting process:

"Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote."

<sup>2</sup> Overview of Schroders voting process:

"We evaluate voting issues arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. We utilise company engagement, internal research, investor views and governance expertise to confirm our intention."