

# Newmond Pension Plan ('the Plan')

## Annual Engagement Policy Implementation Statement for the Year Ended 31 March 2023

### 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 2023. 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 including the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Plan and changes which have been made to the Statement of Investment Principles ("SIP") during the year to 31 March 2023, 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 Norsk Hydro on environmental contamination

In 2022, Schroders investment team conducted an engagement call with Norsk Hydro during the first quarter in response to an article which rehashed some allegations of environmental contamination within Alunorte during 2018.



Schroders learnt from Norsk that there were no new developments on this topic, and that all of the issues highlighted in the article have either been addressed as part of the company's initial response, as part of an ongoing lawsuit in the Dutch courts or are inaccurate and/or overblown.

Schroders have been comfortable with Norsk's efforts (both in 2018 and more recently) and remain assured that action taken has been substantial and thorough enough for this to be treated as a one off incident. This is, however a stark reminder of the ongoing risk of its significance in the local communities in Barcarena and the potential likelihood of it being revived following a different political climate within Brazil.

#### Insight engages with Greencoat UK Wind Plc on reporting

In Q1'22, the company's Board sought feedback on proposed changes to the agreement with the investment manager that had been in place initially for a period of 5 years since IPO in 2013. A change in the investment manager's ownership announced in Q4 2021 and portfolio growth additionally highlighted the need to renew IMA terms and ensure continuity of capabilities.

Insight engaged with the Chairperson and expressed their preference for a longer tenure in the IMA. This is to afford continuity that has been instrumental in the company's successful track record. Insight discussed other terms and the new fee structure which could lower overall cost to investors.

In Q1 2023, Insight met with the investment manager to review succession planning at its board, and related capability transfers. The board changes followed on from retirement of the chairperson since the company's IPO. The company maintains gender diversity with 60% female representation on the board and c30% at investment manager level.

The company remains an important component of the Fund's infrastructure exposures providing higher scale, liquidity and exposure to UK renewable assets. At this stage, Insight have retained the holding in the portfolio.



## 4. Voting Activity during the Plan year

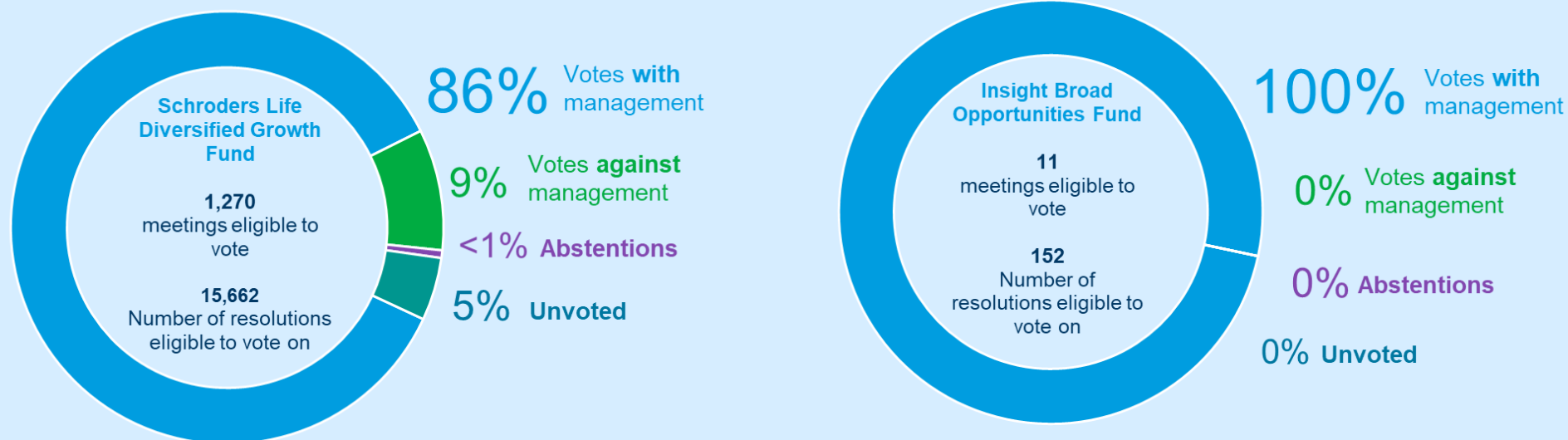
The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. Further details are set out in Section 6 (Policy on Socially Responsible Investment and Corporate Governance) of the SIP.

### How has this policy been met over the year to 31 March 2023?

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.



## Most significant votes

A 'Significant Vote' is defined as one that is related to the Plan's beliefs and stewardship priorities, which refers to voting in relation to Climate Change and Diversity, Equity & Inclusivity. The Trustee considers the four largest equity based holdings based on the relevant fund assets at the time of voting to be a most significant vote.

 Resolution **not** passed  Resolution passed

Manager	Fund	Company	Date of vote	Summary of vote and how the Manager voted	Rationale of Manager vote	% of Fund	Vote Type	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, significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures.				
				The Manager voted <b>for</b> the report on Steps to Improve Racial and Gender Board Diversity	Schroders voted for the proposal as the company does not comprise 33% women and the board does not address global diversity as requested in the proposal. Given the nature of the company's business we believe that the board needs to address its global stakeholders in its response to the proposal		Diversity, Equity & Inclusivity	
		Alphabet	01 June 2022	The Manager voted <b>for</b> a report on Climate Lobbying	The company is asked to produce a report on climate lobbying. Shareholders are likely to benefit from a review of how the company and its trade associations' lobbying positions align with Paris Agreement.	0.21%	Climate Change	
Schroders <sup>2</sup>	Diversified Growth			The Manager voted <b>for</b> a report on Physical Risks of Climate Change	Schroders believe their vote for this item will maximise the value to their clients. The company is asked to report on the physical risks of climate change. Schroders feel that shareholders would benefit from increased disclosure regarding how the company is assessing and managing its climate change risks.		Climate Change	
		Apple	10 March 2023	The Manager voted <b>for</b> a report on Median Gender/Racial Pay Gap	Shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.	0.16%	Diversity, Equity & Inclusivity	

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."