Bolton Engineering Co. Ltd. Pension Scheme – Implementation Statement for the year ending 3 March 2025

1. Purpose

This Implementation Statement has been prepared by the Trustee of The Bolton Engineering Co. Ltd. Pension Scheme (the "Scheme"). It reports on how, and the extent to which, the policies as set out in the Scheme's Statement of Investment Principles ("SIP") have been complied with during the year ending 3 March 2025. This has been reviewed with respect to voting and stewardship policies, conflicts of interest and engagement. This review has been conducted by the Scheme's Investment Adviser, and the Trustee has reviewed and approved the conclusions within this statement. This includes the exercise of rights (including voting) and other engagement activities undertaken in respect of the Scheme's investments. The statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

2. Background

This statement has been prepared by the Trustee, with the assistance of their Investment Adviser (Quantum Advisory), in line with the current regulatory guidance that was in place at the Scheme year end.

References herein to the actions, review work or determinations of the Trustee refer to activity that has been carried out by either the Trustee, or the Investment Adviser on the Trustee's behalf.

3. Executive summary

Over the Scheme year, the Trustee:

- Reviewed, with the help of it Investment Advisor, the voting and engagement activity of the funds that invest in equities. The Trustee is satisfied with their Investment Adviser's conclusion that the Scheme's investment managers have appropriately carried out their stewardship duties.
- Is of the opinion that it has complied with the relevant policies and procedures as identified in the SIP.
- Has remained aware of the relevant policies and procedures as identified in the SIP and received input from its Investment Adviser to aid ongoing compliance.

The stewardship activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustee believes there is less scope to influence the practices within such arrangements. However, the general stewardship practices of non-equity managers have been reviewed to ensure that they actively engage with their investments.

4. Investment Manager's voting and stewardship policies and activity

Trustee's voting and stewardship policies

The Trustee considers how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustee is unable to direct how votes are exercised and has not used a proxy voting services provider over the year. The Trustee has given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustee has reviewed the voting activities and stewardship policies of the funds.

The Trustee does not currently have any stewardship priorities in place. The Trustee will instead monitor the investment managers' stewardship policies and assess whether they have appropriately carried out their duties. Should the voting activities and stewardship policies of an invested fund not be deemed appropriate, the Trustee will escalate these concerns with the relevant investment manager and if necessary review the Scheme's position within the fund.

Over the Scheme year, the voting activities of the following funds have been reviewed:

- Nordea GBP Diversified Return

In addition to this, the general stewardship policies of the funds listed below have also been reviewed:

- M&G Total Return Credit
- Vontobel TwentyFour Absolute Return Credit
- Payden Absolute Return Bond
- Insight LDI Enhanced Selection Shorter Nominal
- Insight LDI Enhanced Selection Shorter Real
- CT LDI Real Dynamic

The Trustee has reported on the funds that were held at the year-end date.

Manager's voting and stewardship policies and procedures

Details of the managers' voting and stewardship policies can be found in Appendix 1. In this statement, Quantum Advisory has noted the investment managers stewardship policies and the extent to which the investment managers make use of any proxy advisory and voting services. Quantum Advisory are satisfied that the voting and policies/procedures of the investment managers are reasonable and consistent with industry practice. Quantum Advisory are also satisfied that the general stewardship policies of all the investment managers are reasonable and consistent with industry practice. This includes investments in bonds and other instruments. The Trustee has approved of these conclusions.

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year for the funds held by all sections of the Scheme.

Statistic	Nordea GBP Diversified Return
Number of equity holdings	156
Meetings eligible to vote at	193
Resolutions eligible to vote on	2,417
Proportion of eligible resolutions voted on (%)	95.5
Votes with management (%)	87.0
Votes against management (%)	11.9
Votes abstained from (%)	1.0
Meetings where at least one vote was against management (%)	64.8
Votes contrary to the recommendation of the proxy adviser (%)	2.5

Source: Nordea Asset Management. Information as at 31 December 2024, as it is reported quarterly.

Quantum Advisory have noted that the voting activity meets expectations, and the Trustee is generally satisfied with the level of voting activity that has been undertaken during the Scheme year.

Significant votes over the reporting year

The Trustee, through their investment advisers, reviewed the significant votes cast by the investment managers and assessed these votes against the Scheme's stewardship priorities. Where the managers significant votes do not align with the Scheme's stewardship priorities the managers voting behaviour will be queried.

The Trustee has interpreted the most significant votes to mean its choice of votes from an extended list of "most significant votes" provided by each of the investment managers in accordance with the PLSA guidance.

The significant votes provided by investment managers are determined by the stewardship policies they have in place. As the Scheme set stewardship priorities following the end of the Scheme year, where possible, significant votes have been selected to align with the stewardship priorities of the Scheme. The Trustee has reviewed and is satisfied with the significant votes undertaken during the Scheme year.

A cross section of the most significant votes cast is contained in Appendix 2.

5. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

Nordea Asset Management

Nordea has confirmed that they have not identified any conflict which is not adequately managed or mitigated and should be disclosed. Nordea has a framework in place to manage conflicts of interests which ensures transparency, accountability and protection of client's best interests. Each conflict of interest is assessed for materiality purposes and managed through a structured process, which involves identification, prevention/management, monitoring, and disclosure to customers (where required). To minimise risk, Nordea applies strict governance measures, centralised compliance oversight, and clear escalation procedures, while maintaining open communication with clients. This structured approach helps to mitigate risks, safeguard impartial decision-making, and uphold confidence in its asset management activities.

https://www.nordea.lu/documents/conflicts-of-interest-procedure/COIP_eng_INT.pdf?inline=true

M&G

M&G stated that they use all reasonable endeavours to identify conflicts of interest and then take steps to either avoid or manage them effectively to treat clients fairly.

If the arrangements made by M&G to identify, prevent or manage a conflict of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to a client's interests will be prevented, M&G will make an appropriate disclosure (in accordance with regulatory requirements) to the relevant client before undertaking any further activity. Where it is not possible to satisfactorily manage a conflict (including where disclosure is not a sufficient option) M&G will decline to act for the client concerned.

M&G did not provide direct comment on any conflicts of interest, instead directing the Trustee to review their conflicts of interest policy.

This is available here:

https://www.mandg.com/~/media/Files/M/MandG-Plc/documents/mandg-investments/2023/conflicts-of-interest-disclosure-statement-july-2023.pdf

Vontobel

Vontobel, through its subsidiary TwentyFour Asset Management, has noted that there were no material conflicts of interest over the reporting period. Vontobel has a detailed conflicts of interest policy designed to identify, prevent, and manage situations where the firm's interests, staff, or clients could be misaligned. The policy covers potential conflicts such as personal account dealings, gifts and hospitality, outside business interests, and the allocation of trades. To mitigate risks, Vontobel applies strict controls including information barriers, compliance monitoring, and restrictions on inducements, alongside a formal escalation and disclosure process where conflicts cannot be avoided. Records of conflicts are maintained, staff are regularly trained, and senior management oversee the framework to ensure impartial decision-making and the fair treatment of clients.

https://www.vontobel.com/siteassets/legal-notice/mifid--mifir/bank-vontobel-ag-germany/wealth-management/conflict-of-interest-policy-bved---en---may-2023.pdf

Payden

Payden have refrained from directly commenting on which of the conflicts of interest Payden's flat corporate structure enables them to maintain an environment and culture that encourages informal and close interaction among employees at all levels. Payden have achieved this by emphasising an "open door" policy and minimising corporate hierarchy. The simplicity of their channels encourages efficient and effective decision-making, avoiding escalation through multiple committees. Preserving the trust of our clients is a matter of singular importance to the management of the firm. To this end, we seek to mitigate apparent and actual conflicts of interest. Our internal controls involve a combination of oversight by the managing directors of the firm, the use of technology, and the separation of duties. The firm's Code of Ethics provides policies and procedures which is reviewed on a annual basis.

Insight

Insight confirmed that, to the best of their knowledge, they are not affected by the above conflicts for the LDI funds. They have however confirmed they are frequently affected by the following two areas:

- Conflicts that arise due to divergences between the responsible investment policies of Insight and the responsible investment policies of the client; and
- Potential divergences between the interests of Insight's clients and their beneficiaries.

The issues are generally related to the divergence between client interests and their beneficiaries' interests, rather than conflicts between Insight's interests and those of the clients'. Issues highlighted have been resolved through engagement with the client to obtain instruction for how to proceed. The discussions seek to balance financial, and non-financial considerations to establish the correct approach. In all cases, Insight have identified and resolved issues in partnership with clients, formally documenting the agreed approach in the investment guidelines for the mandate.

As Insight further evolve their approach, they believe conflicts are more likely to arise as a result of legal changes; net-zero emissions goals; or the introduction of additional firmwide Environmental, Social and Governance ("ESG") / stewardship-related polices which need to be implemented, such as firmwide exclusion lists. Conflicts of interest will need to be addressed on a case-by-case basis to address the different implications which clients may be exposed to.

Columbia Threadneedle

CT do not release details of specific potential conflicts of interest. They do, however, provide at policy summary, which includes how to identify and manage potential conflicts. In the policy summary, CT detail that all known inherent and potential conflicts of interest are logged in a conflict register, which is held by their Compliance team. This is reviewed at least annually by the Compliance team as well as conflicts owners/ delegated owners. On-going conflict of interest identification and monitoring is integrated in the normal course of business. With organisational processes and structures put in place to avoid the encouragement of behaviour which could lead to conflicts.

This report is available here:
https://docs.columbiathreadneedle.com/documents/en_conflict_of_interest_policy.pdf?inline=true

Appendix 1 – Investment manager stewardship policies and procedures

Nordea Asset Management

Nordea are committed to ESG integration and assisting investors in decarbonising their portfolio's. The firm is believes creating long-term value relies on finding sustainable investments. As a result, ESG is firmly integrated into their stock selection and any stewardship activities are centralised around these key investment beliefs, which apply to all companies regardless of the individual instructs that are held. Nordea strive to meet the highest of expectations in their responsible investment, corporate governance and stewardship practices.

M&G

M&G's investment voting policy outlines a structured approach to responsible stewardship, aimed at supporting long-term value creation for clients. M&G aim to exercise voting responsibilities across all investee company meetings, this is primarily achieved through proxy voting. Decisions are based on publicly available information, supplemented by engagement with company management when necessary. The policy addresses key governance areas, including board composition, executive pay, audit integrity and ESG, with particular attention to climate change. Votes may be cast against management or in favour of shareholder proposals when considered in the clients' best interest.

M&G aim to systematically include the consideration of ESG capabilities into investment analysis and decision making in all asset classes on an iterative and continuous basis, as they believe ESG issues can significantly impact investment outcomes. For this reason, they explicitly and systematically include ESG issues in investment analysis and investment decisions, where these are expected to be meaningful to risk and potential return. M&G therefore considers a range of materiality frameworks including those set out by the Sustainability Accounting Standards Board.

Vontobel

Vontobel's stewardship activity (through its subsidiary TwentyFour) reflects a structured and pragmatic approach to responsible investments. The firm embeds ESG considerations directly into its portfolio construction, ensuring that material sustainability factors are treated as integral to risk management and value preservation. Engagement is conducted selectively but with clear objectives, focusing on issuers where improved disclosure, governance practises or environmental transition plans can enhance long-term outcomes. The stewardship report demonstrates consistent alignment with the UK Stewardship Code, underlying a commitment to acting as beneficiaries' best interests through active oversight and accountability.

Payden

Payden recognises that many investors regard ESG criteria to be an important component in the investment process. The firm has a pragmatic approach to the incorporation of ESG, which is applied where appropriate in accordance with client guidelines. Payden's stewardship efforts involve efforts across the organisation, by multiple dedicated committees. Members of Payden's ESG Committee are responsible for determining the priorities for Targeted Engagement themes. The ESG Committee seeks to ensure that the firm are efficiently utilising resources to align efforts with regional-specific ESG engagement requirements and client-specific requests. Payden is selective in its engagement activity, the determination of relevant factors for targeted engagements will vary by asset class, as they may be driven by a combination of inputs. The method and frequency of engagement are determined by several factors, including the history of engagement with the issuer, the relevant issue, and asset class.

Insight

Insight Investment's philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making. Insight has a responsible investment policy to include a corporate conduct statement (outlining what is expected from corporates in which it invests) and has sovereign ESG impact ratings to evaluate how countries are aligned with the UN Sustainable Development Goals.

Insight retains the services of Minerva Analytics for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva Analytics provides research expertise and voting tools. 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. Where contentious issues are identified, these are escalated to Insight for further review and direction.

Columbia Threadneedle

CT's philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within investment decision making. CT has a number of specific policies detailing their stewardship practices. Although these are less relevant for the Plan's LDI holdings, as they do not hold voting lights, CT are committed to various stewardship practices at a firm level which can feed into their investment decisions and corporate conduct.

Appendix 2 – Most significant votes

The information below sets out a cross section of significant votes undertaken by the investment managers of the funds held by the Scheme. Information on further significant votes undertaken by the Scheme's investment managers has been reviewed by Quantum Advisory on behalf of the Trustee. Significant votes have been selected, where possible, which align with the Scheme's stewardship priorities.

Nordea GBP Diversified Return

	Mastercard Incorporated	NextEra Energy Inc
Date of Vote	June-25	May-24
Summary of the resolution	Report on Gender-Based Compensation and Benefit Inequities	Report on Climate Lobbying
Stewardship Priority	Governance	Environmental
Size of the holding (% of portfolio)	1.5	0.6
How the firm voted	For	For
Was the vote against management and was this communicated beforehand?	The vote was against management and was communicated beforehand.	The vote was against management and was not communicated beforehand.
On which criteria has the vote been deemed as 'significant'?	Nordea considered this vote significant as they believe it was severely against their principles and they felt the need to enact change in the company. Nordea voted for the shareholder proposal as they think additional disclosure direct and indirect lobbying related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.	Nordea considered this vote significant as they believe it was severely against their principles and they felt the need to enact change in the company. Additional disclosure around the company's framework for identifying alignments and its approach to addressing misalignments would allow shareholders to better evaluate the company's lobbying efforts and align it with best practices that have been undertaken by some of its peers and is unlikely to be unduly burdensome for the company.

Outcome of the vote	Fail	Fail
Do the Trustees/ asset manager intend to escalate stewardship efforts?	Nordea will continue to support shareholder proposals on this issue as long as it is needed.	Nordea will continue to support shareholder proposals on this issue as long as it is needed.

Source: Nordea.