

# Engagement Policy Implementation Statement (“EPIS”)

## Bank of China Pension and Life Assurance Plan (the “Plan”)

Plan Year End – 31 December 2024

The purpose of the EPIS is for us, the Trustees of the Bank of China Pension and Life Assurance Plan, to explain what we have done during the year ending 31 December 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

Most of the Plan’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of all of the Plan’s assets to our fiduciary manager, Aon Investments Limited (“Aon”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

As part of the actions of this statement, we discuss our engagement action plan overleaf.

## How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the investment managers, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the investment managers and, in our view, most of them were able to disclose adequate evidence of voting and engagement activity. More information on the stewardship activity carried out by the investment managers can be found in the following sections of this report.

Over the year, we monitored the performance of the investments on a quarterly basis and received updates on important issues from our investment adviser. In particular, we received quarterly Environment Social Governance (“ESG”) ratings and were updated on ongoing stewardship activity.

During the year, we also received training on ESG and stewardship topics and discussed our views in relation to these.

Our stewardship policy can be found in the SIP [here](#).

## Our Engagement Action Plan

Based on the work we have done for the EPIS; we have decided to take the following step over the next 12 months:

- We will continue engaging with Aon on how it is monitoring voting practices and engaging with underlying managers on our behalf, and how these help us fulfil our Responsible Investment policies.

### What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

*Source: UN PRI*

## Our fiduciary manager's engagement activity

We delegate the management of the Plan's defined benefit assets to our fiduciary manager, Aon. Aon manages the Plan's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

During 2024, Aon successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

### What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

## Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Plan's material funds with voting rights for the year to 31 December 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Multi-Factor Equity Fund	11,565	99.6%	20.8%	0.4%
UBS - Global Equity Climate Transition Strategy Fund	12,145	93.0%	8.0%	0.1%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's managers use proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
Legal & General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses Institutional Shareholder Services (ISS)'s 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
UBS Global Asset Management	UBS retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings.

Source: Managers

### Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes can be found in the appendix.

#### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

#### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

## Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Aegon Asset Management - European Asset Backed Securities ("ABS") Fund	115	422	Environment - Climate Change Social - Human and Labour Rights; Public Health Governance - Leadership - Chair/CEO; Remuneration Other - General Disclosure
Royal London Asset Management ("RLAM") - Absolute Return Bond Fund	33	710	Environment - Climate Transition Risk Social - Just Transition; Mental Health; Financial Inclusion Governance - Remuneration; Corporate Governance Strategy, Financial & Reporting - Strategy/Purpose
Aberdeen - Climate Transition Fund	104	1,868	Environment - Other Environment Related; Climate Social - Human Right & Stakeholder; Labour Management Governance - Corporate Governance; Corporate Behaviour
LGIM - Multi-Factor Equity Fund	682	<i>Not provided</i>	Environment - Climate Impact Pledge; Climate Change Social - Human Rights; Gender Diversity Governance - Capital Management; Remuneration; Mergers and Acquisitions Other - Corporate Strategy; Disclosure & Transparency
Robeco - Sustainable Development Goals ("SDG") Credit Income Fund	12	324	Environment - Climate Change Social - Human and Labour Rights Governance - Shareholder Rights; Board Effectiveness - Other
UBS - Global Equity Climate Transition Strategy Fund	174	425	Environment - Climate Change Social - Human Capital Management; Human and Labour Rights; Conduct, Culture and Ethics Governance - Remuneration; Board Effectiveness - Other; Leadership - Chair/CEO Strategy, Financial & Reporting - Capital Allocation; Financial Performance

Source: Managers.

## Data limitations

At the time of writing, LGIM provided a list of engagements for the Multi-Factor Equity fund, but this did not include as much detail as recommended in the best practice industry standard Investment Consultants Sustainability Working Group ("ICSWG") reporting guide. LGIM will provide further engagement information in line with the reporting guide when it publishes its annual stewardship report. Additionally, LGIM's firm-level engagement information will be available when its annual report is published.

This report does not include commentary on certain asset classes such as gilts or cash because of the limited materiality of stewardship to these asset classes.

## Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Plan’s managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

<b>LGIM - Multi-Factor Equity Fund</b>	<b>Company name</b>	Microsoft Corporation
	<b>Date of vote</b>	10 December 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.4%
	<b>Summary of the resolution</b>	Report on Artificial Intelligence (AI) Data Sourcing Accountability
	<b>How you voted?</b>	Voted supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	<b>Rationale for the voting decision</b>	Shareholder Resolution – Governance. A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	<b>On which criteria have you assessed this vote to be most significant?</b>	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
<b>LGIM - Multi-Factor Equity Fund</b>	<b>Company name</b>	Banco Santander SA
	<b>Date of vote</b>	21 March 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.1%
	<b>Summary of the resolution</b>	Approve Remuneration Policy
	<b>How you voted?</b>	Voted against resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics
	<b>Rationale for the voting decision</b>	Remuneration - Performance conditions. A vote against has been applied because awards are permitted to vest for below median relative performance which therefore fails the pay for performance hurdle. We also highlight that the 5% salary raises for 2024 and future year increases to be given to the Executive Directors, including the Chair, will likely exacerbate existing concerns with the significant pay packages.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

	<b>On which criteria have you assessed this vote to be most significant?</b>	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.
<b>UBS - Global Equity Climate Transition Strategy Fund</b>	<b>Company name</b>	Gecina SA
	<b>Date of vote</b>	25 April 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	Not provided
	<b>Summary of the resolution</b>	Approve Company's Ambition to Reduce Greenhouse Gas Emissions from its Operating Buildings (Advisory)
	<b>How you voted?</b>	Voted supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	The proposal would further enable shareholders to determine the strength of company policy, strategy and actions in regard to climate change.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	Gecina are not planning future steps in regard to the outcome, as the scheme was approved by a majority of shareholders.
	<b>On which criteria have you assessed this vote to be most significant?</b>	93.8% of shareholders voted in support of the proposal.
<b>UBS - Global Equity Climate Transition Strategy Fund</b>	<b>Company name</b>	IBM
	<b>Date of vote</b>	30 April 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	Not provided
	<b>Summary of the resolution</b>	Adopt Science-Based GHG Emissions Targets Including for Value Chain Emissions
	<b>How you voted?</b>	Voted against management
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	We will support proposals that seek to promote greater disclosure and transparency in corporate environmental policies as long as: a) the issues are not already effectively dealt with through legislation or regulation; b) the company has not already responded in a sufficient manner; and c) the proposal is not unduly burdensome or overly prescriptive.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	We will continue to monitor ahead of the next AGM.
	<b>On which criteria have you assessed this vote to be most significant?</b>	30.8% of shareholders voted in support of the proposal.

Source: Managers