

# Implementation Statement

## Bosch UK Retirement Benefits Scheme

### Purpose of this statement

This implementation statement has been produced by the Trustees of the Bosch UK Retirement Benefits Scheme (the “**Scheme**”) to set out the following information over the year to 31 December 2023:

- how the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

### Stewardship policy

The Trustee’s Statement of Investment Principles (SIP) in force at 31 December 2023 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in November 2023 and has been made available online here: <https://www.bosch.co.uk/defined-benefit-db-scheme/>

The Trustees’ stewardship policy is set out in the Scheme’s policies on voting and engagement, which forms part of the Statement of Investment Principles. To enable the Trustees to make high quality decisions, the fact-finding and analysis is delegated to the Trustees’ independent investment advisor and Investment Sub-Committee.

Given the Scheme solely invests through pooled investment vehicles where the Scheme’s assets only represent a small proportion of the capital invested in the funds, the Trustees only considered the stewardship priorities of the fund manager – Insight and have adopted these as the Scheme’s Stewardship Priorities. The stewardship themes of Insight in 2023 are:

- Climate change
- Water management
- Diversity and inclusion

### How voting and engagement policies have been followed

Based on the information provided by the Scheme’s investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.
- Annually the Trustees receive and review voting information and engagement policies from all the asset managers, which they review to ensure alignment with their own policies. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members’ best interests.

- The Scheme appointed Insight Investment (“Insight”) as the manager for the Scheme’s protection assets in 2023 and stewardship was considered as part of the manager selection exercise, alongside all other material factors.
- The Trustees obtained training on ESG considerations at the 28 June 2023 Investment Sub-Committee meeting to understand how ESG factors are integrated in the Insight Buy and Maintain Funds.

**Prepared by the Trustees of the Bosch UK Retirement Benefits Scheme  
26 April 2024**

## Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 December 2023. The Gilts, Buy and Maintain and liquidity funds held with Insight have no voting rights and limited ability to engage with key stakeholders given the nature of the mandates.

The Scheme fully disinvested from the Walter Scott BNY Mellon Long Term Global Equity Fund in July 2023. As a result, the voting summary and the significant votes for this fund below covers the 12-month period to 30 June 2023 instead.

## Voting Data

Manager	Walter Scott
<b>Fund name</b>	<b>BNY Mellon Long Term Global Equity Fund</b>
<b>Structure</b>	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
<b>No. of eligible meetings</b>	48
<b>No. of eligible votes</b>	777
<b>% of resolutions voted</b>	100%
<b>% of resolutions abstained <sup>1</sup></b>	0%
<b>% of resolutions voted with management<sup>1</sup></b>	97%
<b>% of resolutions voted against management<sup>1</sup></b>	3%
<b>Proxy voting advisor employed</b>	ISS
<b>% of resolutions voted against proxy voter recommendation</b>	6%

<sup>1</sup> As a percentage of the total number of resolutions voted on

## Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. The stewardship priorities of the Scheme are climate change, water management, diversity and inclusion.

Walter Scott have provided a selection of 29 votes which they believe to be significant. As none of the votes relates to the stewardship priority of the Scheme, the Trustees selected the votes of top 3 holdings to be the most significant votes.

A summary of the significant votes provided is set out below.

### Walter Scott, BNY Mellon Long Term Global Equity Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	LVMH Moët Hennessy Louis Vuitton SE	Linde Plc	Alimentation Couche-Tard
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	3.3%	2.8%	2.7%
<b>Summary of the resolution</b>	Authorise Issuance of Equity or Equity-Linked Securities with Pre-emptive Rights up to aggregate nominal amount of EUR 20 million	Approve Scheme of Arrangement	Amend Articles Re: Changes in the Classes of Shares of the Corporation
<b>How the manager voted</b>	Against	For	For
<b>Rationale for the voting decision</b>	Due to potential dilution > 10%	Approval of reorganisation resulting in the shares being delisted from the Frankfurt Stock Exchange	Elimination of dual-class share structure and move towards one-vote-per-share - positive impact on minority shareholders.
<b>Outcome of the vote</b>	99.4% voted for	93.6% voted for	99.7% voted for
<b>Implications of the outcome</b>	All significant votes are reviewed and approved by the Investment Stewardship Committee. Any potential learnings from their significant votes are then considered for periodic reviews of their Proxy Voting Policy.		
<b>Criteria on which the vote is considered “significant”</b>	Vote against management	Case-by-case identification of significant vote with management due to potential impact on long-term interests of shareholders	Case-by-case identification of significant vote with management due to potential impact on long-term interests of shareholders

## Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's gilts and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

The engagement data are shown for the 12-month period to 30 June 2023 for the LGIM and Walter Scott funds that were fully disinvested in July 2023, given managers reports on engagement activities on quarterly basis.

Manager	Insight						LGIM	Walter Scott
<b>Fund name</b>	Maturing Buy and Maintain 2021-2025	Maturing Buy and Maintain 2026-2030	Maturing Buy and Maintain 2031-2035	Maturing Buy and Maintain 2036-2040	Maturing Buy and Maintain 2041-2045	Maturing Buy and Maintain 2046-2050	Buy and Maintain Fund	BNY Mellon Long Term Global Equity Fund
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	36	56	40	32	36	31	88	3
<b>Number entities engaged at a firm level in the year</b>	571						993	12

\* The Scheme's initial investment in the Insight funds took place on 8 June 2023.

## Examples of engagement activity undertaken over the year to 31 December 2023\*

\*for the Walter Scott BNY Mellon Long Term Global Equity Fund and LGIM Funds, the example engagement provided relates to the 12-month period to 30 June 2023.

### Insight

Engagement: PEMEX

The increasing urgency by which emissions need to be reduced is directly related to Insight's wider investment approach. Insight became a signatory of the Net Zero Asset Managers Initiative in 2021, where they have committed to reaching net zero emissions by 2050. As part of the initiative, Insight actively engage with their highest emitters to ensure they are on a net zero pathway.

Insight have engaged with over 35% of their financed emissions on climate-related issues in 2022 and are involved in a number of collaborative initiatives on climate change. The manager is also involved in a number of Climate Action 100+ investor groups. Climate Action 100+ is aligned with Insight's stewardship approach as the firm prefer to engage rather than divest to support the transition to a low carbon economy.

Insight has participated in the Climate Action 100+ (CA100+) collaborative engagement focusing on PEMEX since 2021. PEMEX continues to become more receptive to ESG engagement as they have realised the impact of poor

ESG performance and ratings and the resulting influence on the company's reputation and cost of capital. In 2022, Insight was pleased to see improvements in PEMEX's climate action governance and plans, which the firm believe was influenced by delivering a consistent message on the long-term goals that the CA100+ group has championed combined with the shorter-term improvements that Insight has encouraged directly with PEMEX.

## **LGIM**

Engagement: Novo Nordisk and Eli Lilly

LGIM engaged with Novo Nordisk and Eli Lilly to encourage the firms to take more steps to try and educate people about the purpose of their drugs, and to encourage monitoring their use. LGIM asked them to:

- Ensure information about the purpose of the drug and its risks are included as extensively as possible on labelling.
- Speak to eating disorder charities to enhance awareness and understanding of these drugs and how they are or may be misused.
- In the US, ensure that advertising for these drugs includes appropriate information about their purpose and risks.
- Set a clear programme for sales and collecting monitoring data on prescriptions.
- Publish clear information about the purpose of these weight loss drugs on their websites.

LGIM will continue to engage with both pharmaceutical companies on this topic and to monitor the actions they take, and also be aware of this issue more broadly within the pharmaceuticals sector.

## **Walter Scott**

Engagement: Intuitive Surgical

Walter Scott have engaged extensively on ESG issues in recent years with Intuitive Surgical, the manufacturer of minimally invasive robotic surgery systems. In March 2021, they initiated an engagement for change with the company aimed at encouraging improved carbon disclosure. Since then, the business has made incremental steps towards aligning its external reporting with recognised disclosure standards, working to ensure that the relevant information was appropriately scoped, and that the disclosure methodology developed could be sustainably reported alongside other standards, such as those published by TCFD and SASB.

Having participated in Intuitive's ESG materiality survey in December 2022, Walter Scott were able to successfully close our engagement for change in February 2023 when the company published its inaugural sustainability report, which included validated scope 1 & 2 GHG emissions and an inventory for scope 3 (in the process of validation).