

Implementation Statement

Bank of Baroda (1976) Pension and Life Assurance Scheme

December 2022

1. Introduction

Under regulatory requirements, trustees are required to prepare and review an implementation statement outlining their approach and stewardship dealing with certain specific matters with regards to their Environmental, Social and Governance (ESG) principles outlined in their latest Statement of Investment Principles (SIP).

This Statement sets out the principles governing decisions about the ESG aspect of investment of the assets of the Bank of Baroda (1976) Pension and life Assurance Scheme (the Scheme). In preparing it, the Trustees obtained written reporting on these matters from HS Pensions as their investment consultants.

2. ESG Principles

Environmental, Social and Corporate Governance Policies

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. They acknowledge that they cannot directly influence the environmental, social and governance (“ESG”) policies and practices of the companies in which the pooled funds invest. The Trustees also acknowledge that where pooled index fund vehicles are employed which track composite market indices, it is not always possible to take ESG considerations into account due to the nature of the investment.

In principle, the Trustees believe that ESG factors can have an impact on the performance of its investments and that the management of ESG risks and the exploitation of ESG opportunities, especially in relation to climate change, can add value to the portfolio. To that effect, the Trustees expects its fund managers, where appropriate, to have integrated ESG factors as part of their investment analysis and decision-making process.

Appropriate weight will be given to ESG factors in the appointment of fund managers.

The Trustees’ views that the stewardship responsibilities attached to the ownership of shares is important but recognise that investment in pooled funds limits their ability to be fully involved. The Trustees expect their investment managers to report in detail on how they have exercised voting rights attached to shares (including across passive equity mandates). Managers are expected to be signatories to the FRC UK Stewardship Code.

Further information on the Trustees’ policies can be found in the latest SIP dated September 2020.

In the Trustees’ opinion, their policies, as recorded in the SIP, have been followed over the 12-month period to 31 December 2022.

The following pages illustrate how the Trustees, through their fund managers, have followed their stewardship and engagement policies.

3. Investments Attitudes to ESG

Fund Manager/Fund	ESG Description
LGIM	
<p>Matching Plus 2035 Fixed Fund</p> <p>Matching Plus 2050 Fixed Fund</p> <p>Matching Plus 2045 Real Fund</p>	<ul style="list-style-type: none"> <p>Fund Manager Overview</p> <p>LGIM’s ultimate goal is to protect and enhance the investment returns generated by their clients’ assets whilst aiming to have a long standing commitment to raising corporate governance and sustainability standards to ultimately enhance the value of companies in which they invest.</p> <p>LGIM has publicly committed to the following three goals as part of their five-year strategic plan:</p> <ul style="list-style-type: none"> • Influencing the transition to a low-carbon economy • Making society more resilient with our financial solutions • Creating new investments for the future economy <p>Further information on how they can receive these goals is publicly available on the parent company Legal & General Group plc’s reporting on corporate responsibility.</p> <p>https://www.legalandgeneralgroup.com/csr/csr-reports/</p> <p>ESG Integration</p> <p>LGIM uses a bottom-up and a top down approach to monitoring and analysis as well as using ESG information that comes out from engagement meetings with companies. LGIM’s ESG scoring tool assesses companies in 17 different sectors on their disclosure, policies and processes for managing ESG risks. LGIM has set up three long-term thematic working groups (demographics, energy and technology) that undertake top-down research and analysis of macroeconomic issues, related to responsible investment and ESG. The direct engagement with companies is a way LGIM seek to identify ESG risks and opportunities. LGIM have an escalation policy to tackle difficult and inter-connected ESG issues that materially impact the value of assets.</p> <p>LGIM have an Active ESG View tool which forms an essential component of the overall active research process. The tool brings together granular quantitative and qualitative inputs in order to reflect a full picture of the ESG risks and opportunities embedded within each company. ESG risks vary across sectors and therefore the proprietary tool LGIM have developed evaluates sector specific ESG factors, spanning 64 specific sectors and sub-sectors. LGIM incorporate a qualitative approach on top of this as data alone may not tell the full story.</p> <p>Active Ownership (1 year to 31 December 2022)</p>

Fund Manager/Fund	ESG Description
	<p data-bbox="504 304 1134 338">Matching Plus 2035, 2050 Fixed and 2045 Real Funds</p> <p data-bbox="504 376 1382 517">The funds invested with LGIM by Bank of Baroda do not have voting rights given the instruments in which they invest. Gilts and Index-Linked Gilts do not have a mechanism in the market for voting. Environmental and social issues are not applicable either.</p> <p data-bbox="504 555 1362 835">LGIM aims to embed ESG where appropriate. Following a research meeting with LGIM on their LDI ranges, we could expect to see a flexible incorporation of green gilt(s) in LDI mandates. These may be tailored to client specific ESG objectives, such as targeting a minimum proportion in green gilts. LGIM also considers how ESG is incorporated in their choice of counterparties, which they use by reviewing quantitative and qualitative factors as well as overall governance.</p> <p data-bbox="504 873 1385 1335">In the beginning of 2022, LGIM took the unusual step of filing a shareholder proposal at Moderna, asking the company to publicly disclose how its receipt of government financial support for the development and manufacture of a COVID-19 vaccine is being considered when making decisions that affect access to products, such as setting prices. The company contested the inclusion of the proposal on its 2022 AGM agenda at the SEC, as it stated that it would publish a report prior to the AGM outlining the government funding it has received and how it has set its prices for the COVID-19 vaccine in various countries. Following the publication of the company’s statement, LGIM felt sufficiently comfortable to withdraw the shareholder proposal. This is a clear example of making use of various ‘escalation tools’ – engagement and the filing of shareholder proposals – and achieving concrete results with real impact.</p> <p data-bbox="496 1373 1382 1693">A further case study looks at the company Apple, and how their human rights and freedom of association are coming under increased scrutiny in the US. A vote in favour was applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies. 53.6% of the votes were in favour of the resolution. Apple shareholders have generally sided with management in recent past. The reversal of that trend for such a proposal indicates a shift in preferences amongst shareholders and highlights the potential impact such resolutions can have in the future.</p> <p data-bbox="496 1731 1374 1944">Another case study looks into Royal Mail Plc. LGIM voted against the re-election of Keith Williams as director of the executive committee due to lack of gender diversity. The company currently has an all-male committee. From 2022, LGIM have applied voting sanctions to the FTSE 100 companies that do not have at least one woman on their executive committee, with the expectation that there should be a minimum of 33%.</p>

Fund Manager/Fund	ESG Description
	<ul style="list-style-type: none">● References<ul style="list-style-type: none">○ LGIM – ESG Impact Reports<ul style="list-style-type: none">- Q1 2022- Q2 2022- Q3 2022- Q4 2022

Fund Manager/Fund	ESG Description
<p>BlackRock</p> <p>BlackRock Life Aquilla Connect Emerging Markets Equity Fund</p> <p>BlackRock Life Aquilla Connect (50:50) Global Equity Fund</p> <p>BlackRock Ascent UK All Stocks Corporate Bond Fund Buy & Hold</p>	<ul style="list-style-type: none"> <p>• Fund Manager Overview</p> <p>BlackRock claim responsible investment is an area they take extremely seriously. They believe responsibly managed companies are better placed to achieve sustainable competitive advantage and provide strong long-term growth. They believe that companies and their boards should be accountable to shareholders and structured with appropriate checks and balances.</p> <p>BlackRock vote on principles that cover seven key themes, these are:</p> <ul style="list-style-type: none"> • Boards and directors • Auditors and audit-related issues • Capital structure, mergers, asset sales • Compensation and benefits • Environmental and social issues • General corporate governance matters and shareholder protections • Shareholder proposals <p>• ESG Integration</p> <p>BlackRock believe that well-managed companies will deal effectively with material ESG factors relevant to their business and appropriate risk oversight of ESG considerations stems from this.</p> <p>BlackRock views the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the standards put forward by the Sustainability Accounting Standards Board (SASB) as appropriate and complementary frameworks for companies to adopt for the disclosure of financially material sustainability information. They ask companies to disclose the identification, assessment, management, and oversight of sustainability-related risks in accordance with the Four pillars of TCFD as well as publish SASB-aligned reporting with industry-specific, material metrics and rigorous targets.</p> <p>BlackRock believes that climate change has become a defining factor in companies' long-term prospects. They expect every company to help their investors understand how the company may be impacted by climate-related risk and opportunities, and how they are considered within strategy. Specifically, they expect companies to articulate how they are aligned to a scenario in which global warming is limited to well below 2°C and is consistent with a global aspiration to reach net zero GHG emissions by 2053.</p>

Fund Manager/Fund	ESG Description
	<ul style="list-style-type: none"> ● Active Ownership across all eligible BlackRock funds (1 year to 31 December 2022) BlackRock over the period for the Aquilla Connect Emerging Markets Equity Fund: <ul style="list-style-type: none"> ● were eligible to vote on 24,892 resolutions. ● voted on 24,468 (98%) resolutions on the behalf of their clients. ● voted with management 21,563 (88%) times, against management 2,905 (11%) times and abstained on 885 (3%) of the votes.* BlackRock over the period for the Aquilla Connect (50:50) Global Equity Fund: <ul style="list-style-type: none"> ● were eligible to vote on 34,537 resolutions. ● voted on 33,361 (96%) resolutions on behalf of their clients. ● voted with management 31,382 (94%) times, against management 1,979 (5%) times and abstained on 157 (0%) of the votes.* BlackRock over the period for the Ascent UK All Stocks Corporate Bond Fund: <ul style="list-style-type: none"> ● engaged in 188 different instances. ● engaged with 79 individual companies. ● The majority of engagements were categorised as Climate Risk management with 94 out of the 188 engagements being in this classification. * Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management. One case study looks at the company, J Sainsbury plc. in which BlackRock voted with the Board on a resolution regarding Living Wage Accreditation, in July 2022. BlackRock supports companies paying their workers a wage equal to or above current real living wage rates. Although they recognise the importance of frontline workers to Sainsbury's long-term success, BlackRock voted against the resolution to peg the workers' pay level set by the Living Wage Foundation. BlackRock believes that this resolution would require management to cede control of worker pay to a third-party entity. Another case study looks a Netflix Inc. and BlackRock's engagement with the company regarding corporate governance and sustainability. BlackRock voted against the Board's recommendation to re-elect Director Timothy Haley, a member of the Compensation Committee, to escalate concerns about pay practice. They do not believe this to align with executives' and shareholders' long-term financial interests. ● References

Fund Manager/Fund	ESG Description
	<p>More information on BlackRock ESG policies and principles can be found in their document called “BlackRock Investment Stewardship Global Principles.”</p> <ul style="list-style-type: none"> ○ https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf ○ https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins ○ BlackRock Fund Engagement Reports <ul style="list-style-type: none"> - AQHPMTTL - ASCALLTTL - BHPGEQTTL ○ BlackRock Voting Statistics <ul style="list-style-type: none"> - AQHPMTTL - BHPGEQTTL ○ BlackRock Investment Stewardship

Fund Manager/Fund	ESG Description
Aegon	
Active Beta Property Fund	<ul style="list-style-type: none"> ● Fund Manager Overview Aegon Asset Management are committed to active, engaged and responsible investment. Their approach to responsible investment is made up of three pillars; ESG integration, active ownership and focused responsible investment solutions. Aegon’s ESG reports for the Active Beta Property Fund consist of the following components, as part of their commitment to responsible investment: <ul style="list-style-type: none"> ● ESG integration and characteristics ● GRESB portfolio overview (ESG profile scores by an independent global ESG benchmark) ● Environmental characteristics ● Energy ratings ● Building certifications ● Active ownership activities ● ESG Integration Aegon’s active ownership across all funds available consists of four key pillars: <ul style="list-style-type: none"> ● Screening and monitoring – evaluation of holdings against certain ESG parameters ● Engagement – entering into dialogue with an entity in with Aegon holds a stake ● Voting – on proposals in general meetings of companies in which shares are held in portfolios managed by an Aegon entity ● Shareholder litigation <p>As part of Aegon’s investment process for the Active Beta Property Fund, they monitor, select, and allocate to externally managed property funds based on their proprietary research. The monitoring and analysis of the strategies and performance of financially material ESG factors in underlying property funds form a key part of their investment process. Aegon use data provided by GRESB as a framework to measure, understand and compare ESG performance and risks of the property funds we invest in.</p> <p>Aegon aims to:</p> <ul style="list-style-type: none"> ● Encourage the reduction of UK real estate’s carbon footprint by engaging with and encouraging real estate investment managers to improve sustainability best practices and explore how pathways to net zero can be achieved. ● Encourage activities contributing to sustainable growth, inclusion and health and wellbeing. ● Ensure real estate managers comply with the AREF Code of Practice and maintain the highest standard of corporate governance.

Fund Manager/Fund	ESG Description
	<ul style="list-style-type: none"> <li data-bbox="451 376 1391 658"> <p>• Active Ownership Active Beta Property Fund (year to 31 December 2022) Aegon aspire to influence positive change by engaging in dialogue with property managers, either bilaterally or as part of an investor consortium. This dialogue can provide opportunities to highlight ESG risks, inform management of sustainability concerns, or advocate for changes that align with responsible investment standards and best practice. By spearheading engagement and exercising voting rights, they use their voice and actions to try to effect positive change.</p> <p>During the year, Aegon’s engagement included in excess of 51 meetings with fund managers.</p> <p>A case study by Aegon looks at the Nuveen UK Property Fund. The Fund’s 2021 GRESB scores and data showed poor performance compared to peer group funds. In particular, the Fund scored poorly on Energy, GHG (carbon emissions), Water and Waste.</p> <p>Following Aegon’s engagement with the manager to provide an action plan to improve data collection and energy efficiencies, the manager put motions in place to rectify their inefficiencies. The Fund’s 2022 GRESB scores and data have shown a marked improvement, with the increase in scores in Energy and GHG, largely due to improved data coverage (from 16% to 45%).</p> <p>Another case study by Aegon looks at the Lothbury Property Trust. Aegon engaged with this manager regarding issues surrounding the risk of investors not being treated fairly. The redemption mechanism within the fund allowed for manager-led pricing adjustments to dealing prices in certain circumstances.</p> <p>Lothbury agreed to update their redemption mechanism, with the amendment approved in mid-2022.</p> <li data-bbox="451 1525 1391 1626"> <p>• References</p> <ul style="list-style-type: none"> <li data-bbox="504 1559 1391 1592">○ ESG Report – Aegon Active Beta Fund – 31 December 2022 <li data-bbox="504 1597 1391 1626">○ Aegon – Active Ownership Policy

Fund Manager/Fund	ESG Description
Abrdn (formerly Aberdeen Standard)	
<p>GARS Fund (Scheme is no longer invested in this fund but partially invested over the year period to 31 December 2022)</p>	<ul style="list-style-type: none"> <p>• Fund Manager Overview</p> <p>Abrdn believe environmental, social and governance (ESG) considerations have been an integral part of their decision-making process for almost 30 years. At Abrdn they state their vision is to make a difference for their clients, society and the wider world. It is about aiming to achieve their clients’ goals whilst doing the right thing.</p> <p>They centre their approach to responsible investing on the following principles.</p> <ol style="list-style-type: none"> 1. Their investment process: they integrate and appraise environmental, social and governance factors in their investment process, with the aim of generating the best long-term outcomes for clients. 2. Their investment activity: they actively take steps as active owners to deliver long-term, sustainable value consistent with their clients’ objectives. 3. Their client journey: they clearly define how they act in clients’ interests in delivering stewardship and ESG (environmental, social and governance) principles). They transparently report on actions to meet those interests. 4. Their corporate influence: they actively advance policy, regulation and industry standards as they seek to deliver a better future for clients, the environment and society. <p>Client feedback helps to shape their views and approach.</p> <p>• ESG Integration</p> <p>ESG considerations are central to the way Abrdn invest. They believe ESG factors are financially material and can meaningfully affect an asset’s performance. An asset’s ability to sustainably generate returns for investors depends on the management of its impact on the environment, its consideration of the interests of society and stakeholders, and on the way in which it is governed.</p> <p>They believe that a thorough understanding of ESG factors allows them to make better investment decisions, leading to better outcomes for their clients. This begins with rigorous research. They undertake thorough due diligence before investing, considering material ESG risks and opportunities alongside other financial metrics. They seek to understand whether such risks are being adequately managed, and whether the market has understood and priced them accordingly.</p> <p>ESG is integrated through:</p> <ul style="list-style-type: none"> • Implementation – Taking into account investor preferences and excluding companies with controversial exposures.

Fund Manager/Fund	ESG Description
	<ul style="list-style-type: none"> ● Asset Allocation – Asset allocation decisions and ESG are closely linked, as changes associated with ESG issues shape the way they allocate capital. ● Risk Management- Scenario analysis also allows us to work with clients on risk-mitigation strategies. ● Stewardship – Being committed to always acting in the best interests of clients. They believe in active, constructive engagement. For both active and passive strategies, they vote all shares globally wherever they have voting authority. <p>Abrdn has an approach to climate-change which is built around six areas of focus:</p> <ul style="list-style-type: none"> ● Research and Data – Provide high-quality climate change insights and thematic research across asset classes and regions. ● Investment Integration - Understand the potential financial impacts of climate-change risks and opportunities across regions and sectors, integrate these into investment decisions and understand the implications to their portfolios. ● Client Solutions - Understand client needs in relation to climate change and low-carbon product demand. ● Investee Engagement & Voting - Better understand investee exposure and management of climate change risks and opportunities. ● Collaboration & Influence - Collaborate with climate-change-related industry associations and participate in relevant initiatives. ● Disclosure - Disclose climate-change-related data using the TCFD reporting framework across the four pillars: governance, strategy, risk management, metrics & targets. <ul style="list-style-type: none"> ● Active Ownership Abrdn GARS Fund (to 31 December 2022) As shareholders, Abrdn votes in a considered manner and work with companies to drive positive change. They also engage with policymakers on ESG and stewardship matters. Abrdn maintain close contact with the companies in which they invest, generally meeting representatives of investee companies at least once a year. They recognise the importance of effective communication and value having a focused dialogue with directors and senior executives about issues such as corporate strategy and performance, risk management, corporate governance and relations with stakeholders. Their activities include a regular engagement programme to discuss a range of relevant ESG issues, such as: <ul style="list-style-type: none"> ● board balance and composition ● remuneration policies ● audit and risk issues ● environmental and social issues. <p>Abrdn takes part in voting issues across the globe for all investments where they have voting rights. The exceptions are when they are</p>

Fund Manager/Fund	ESG Description
	<p>otherwise instructed by the beneficial owner or where, for practical reasons such as share-blocking, this is not appropriate.</p> <p>One year to 31 December 2022, Abrdn was eligible to vote at 14 meetings and on 183 resolutions. Abrdn voted on 72.1% of the resolutions they were eligible to vote on. Of the 72.1% of resolutions voted on, Abrdn voted 79.5% in line with management recommendations, 20.5% against management recommendations and did not abstain on any votes.</p> <p>A case study by Abrdn looks at company The Kroger Co. At the meeting on 23 June 2022, Abrdn voted against the Human Rights Risk Assessment proposal, in line with the management. Although Abrdn believes shareholders would benefit from increased transparency on human rights risks, Kroger is already in the process of addressing this, and have committed to publishing an updated Human Rights Due Diligence framework. Therefore, Abrdn did not believe that a vote in favour of this resolution was not warranted at that time.</p> <ul style="list-style-type: none"> ● References <ul style="list-style-type: none"> ○ Responsible Investing page on the Abrdn website ○ Abrdn Engagement & Voting Highlights 1.1.2022 to 12.31.2022

Fund Manager/Fund	ESG Description
NinetyOne	
<p>Diversified Growth Fund (Scheme is no longer invested in this fund but partially invested over the year period to 31 December 2022)</p>	<ul style="list-style-type: none"> <p>• Fund Manager Overview</p> <p>The Ninety One Multi-Asset team believes that sustainability is aligned with successful long-term investing: companies and countries that respond successfully to the global sustainability challenges will outperform over time. They have been integrating active stewardship and environmental, social and governance (ESG) research into their multi-asset investment processes across all asset classes for many years. Increasingly though, they realise that more needs to be done. The headwinds are mounting for companies and countries with material negative environmental and social footprints. There is growing recognition that, collectively, asset owners and managers have a responsibility to redirect the flow of capital towards sustainable investments with the potential for positive impact. They believe that there is also a financial incentive to invest sustainably: in a world where global real yields are now negative, the opportunity to access untapped growth enriches the potential for attractive long-term risk-adjusted returns.</p> <p>Their global engagement policy is driven by a clear purpose to preserve and grow the real value of the assets entrusted to them by their clients over the long term. As a business, they are active (not passive or activist) investors. They believe that effective boards and management that are aligned with their long-term objectives should be supported.</p> <p>There are four pillars to their assessment of governance:</p> <ol style="list-style-type: none"> 1. Capital allocation 2. Culture 3. Incentivisation 4. Management and the Board <p>• ESG Integration</p> <p>In relation to exposure to climate risk, the lower carbon footprint of the Diversified Growth portfolio versus the MSCI ACWI comparator can be explained by a combination of sector and stock selection. For example, at September 2020, the energy sector represents a 24% contribution to the MSCI ACWI's carbon footprint whereas it represented a c.4% contribution to the Diversified Growth portfolio carbon footprint. The portfolio had a meaningfully lower allocation to the energy sector compared to the MSCI ACWI.</p> <p>In Ninety One's view, ESG ratings should not be used to make investment decisions and instead, the underlying research should be used to inform and prioritise fundamental research. Scores and data are just the beginning, offering an efficient means by which they can identify potential issues. They remain conscious that dispersion in data quality will continue to be a challenge and cannot be relied upon on a standalone basis.</p>

Fund Manager/Fund	ESG Description
	<p>The first question they ask is whether the drivers and scores are a fair representation of the analysts' own understanding of the company. Ninety One's analysts make their own judgement on materiality informed by MSCI data, but primarily founded upon their understanding of each company's business model and its drivers of returns.</p> <ul style="list-style-type: none"> ● Active Ownership – Ninety One Diversified Growth Fund (1 year to 31 December 2022) <p>Over the period Ninety One were eligible to vote at 80 shareholder meetings. Out of the 976 resolutions they were eligible to vote on, Ninety One participated in all of them. On a resolution-by-resolution basis 92.5% of their votes were with management, 7.5% of votes were against management, and they abstained on 0.5% of the votes.*</p> <p>* Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.</p> <p>A case study by Ninety One looks at the company NextEra Energy, Inc. Ninety One voted, in line with the management, for a resolution to report on the effectiveness of Diversity, Equity and Inclusion Efforts and their metrics. Ninety One believes that additional diversity-related disclosure would allow shareholders to better assess of effectiveness of the company's diversity initiatives and its management of related risks.</p> ● References <ul style="list-style-type: none"> ○ Ninety One - DGF - Voting Rights 2022