

# **SCHINDLER GROUP (UK) 1988 PENSION SCHEME**

## **Engagement Policy Implementation Statement**

### **Financial Year Ending 5 April 2025**

#### **Introduction**

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 5 April 2025. This statement has been produced in accordance with the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

#### **Investment Objectives of the Scheme**

The Trustees' primary objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

#### **Investment Strategy**

No changes were made to the investment strategy in the financial year to 5 April 2025.

To assess the effectiveness of the investment strategy and investment manager selection, the Trustees receive quarterly monitoring reports on the performance of the underlying investment managers from Mercer on a semi-annual basis. The report presents performance information over 6 months, 1 year and 3 years, and shows the absolute performance, performance against the manager's stated target performance (over the relevant time period) on a net of fees basis.

#### **Review of SIP**

The Scheme's SIP was updated during the Scheme year end to reflect the investment strategy changes implemented over the previous Scheme year.

The Trustees consulted with the sponsoring company in finalising the SIP. The SIP was made publicly available and can be accessed on this link:

[https://www.schindler.co.uk/content/dam/website/uk/docs/company/schindler-statement-of-investment-principles-1988.pdf/\\_jcr\\_content/renditions/original/schindler-statement-of-investment-principles-1988.pdf](https://www.schindler.co.uk/content/dam/website/uk/docs/company/schindler-statement-of-investment-principles-1988.pdf/_jcr_content/renditions/original/schindler-statement-of-investment-principles-1988.pdf)

### **Scheme's Investment Structure**

The majority of the Scheme's investments are held via a Trustee Investment Policy ('TIP') with Mobius Life Limited ('Mobius'). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. Additionally, the Scheme has invested in a private credit pooled fund with Permira.

### **Policy on ESG, Stewardship and Climate Change**

The Scheme SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

The Trustees have taken into account financially material factors, including ESG issues, when determining the investment strategy for the Scheme. They believe that these considerations are implicitly reflected in the risk and return profile of the asset classes they invest in. However, the Trustees have not explicitly accounted for climate change risks due to the challenges in accurately quantifying them.

The Trustees recognise that around a third of the Scheme's current investment arrangements are implemented on a passive basis, which limits the investment managers' ability to take active decisions on whether to hold securities based on their considerations of ESG factors, including climate change.

The Scheme also has allocations to credit assets within which, whilst ESG issues are still relevant to risk control, there is less opportunity to influence investee company behaviour compared to equity holdings, although where relevant managers are encouraged to use their position as lenders of capital to engage with companies.

The Trustees have given the appointed investment managers full discretion in exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

This policy was reviewed and updated in September 2020.

## **Engagement**

In the relevant year the Trustees have not engaged with either Mobius, or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustees, with help from their investment consultant, review the stewardship and ESG policies of the fund managers periodically. All the Scheme's investment managers confirmed that they are current signatories of the UK Stewardship Code.

## **Voting Activity**

The Trustees have effectively delegated their voting rights to the managers of the funds the Scheme's investments are invested in.

The Trustees have not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's statement.

Manager / Fund	Proxy voter used?	Votes cast		
		Votes in total	Votes against management endorsement	Abstentions
<b>Columbia Threadneedle Multi Asset Fund</b>	<b>ISS</b> – Voting platform for casting votes and recordkeeping. <b>Glass Lewis, IVIS, MSCI ESG Research &amp; ISS</b> – For research	5,818 resolutions eligible for (99.1% cast)	c.7.6% of votes cast	c.1.2% of votes cast
<b>Nordea Diversified Return Fund</b>	<b>ISS</b> – Voting platform for casting votes and recordkeeping. <b>Glass Lewis &amp; ISS</b> – For research.	2,429 resolutions eligible for (95.0% cast)	c.11.4% of votes cast	c.1.8% of votes cast
<b>Pictet Multi-Asset Fund</b>	<b>ISS</b> – Voting platform for casting votes, research, and recordkeeping.	107 resolutions eligible for (100.0% cast)	c.33.6% of votes cast	c.0.0% of votes cast

**Notes:** ISS = Institutional Shareholder Services Inc.

### **Columbia Threadneedle - LDI**

Due to the LDI Nominal Dynamic LDI Fund and LDI Real Dynamic LDI Fund not having any underlying equity holdings, they are not eligible to vote at company meetings.

### **Permira - Credit Solutions IV Senior GBP SCSp**

Due to the Credit Solutions mandate not having any underlying equity holdings, they are not eligible to vote at company meetings.

### **Significant Vote Definition**

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustees define a significant vote as one that is linked to the Scheme's stewardship priorities/themes outlined below. The Trustees have applied a size threshold on grounds of materiality and only considered votes to be significant if in relation to a company that constitutes 1.0% or more of the specific fund.

- Environmental (E) – Climate change (e.g. vote on a company's carbon disclosures)
- Social (S) – Human rights (e.g. worker conditions, safety and pay)
- Governance (G) – Corporate Governance (e.g. Board quality, diversity, remuneration and inclusion)

The Trustees have set out their criteria for significant votes and are satisfied that these are also captured as high areas of focus in the Columbia Threadneedle and Nordea Stewardship Policies.

Over the last 12 months, the voting activity on behalf of the Trustees was as follows:

Manager	Company	Date	Why it is significant	Size of holding (% of Fund)	Shareholder Resolution	Vote cast	If against management, was intention communicated?	Rationale for voting decision	Outcome	Next steps
Columbia Threadneedle Multi Asset Fund	Amazon.com, Inc.	22/05/2024	Governance	1.3%	Report on Median and Adjusted Gender/Racial Pay Gaps	For	No	The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	Fail	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.
	Alphabet Inc.	07/06/2024	Social	1.0%	Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies	For	No	Shareholders would benefit from further information on how the company plans to mitigate human rights risks related to its targeted advertising practices given the company faces several investigations regarding its practices and with rising regulatory risks particularly in the EU.	Pass	
	Meta Platforms, Inc.	29/05/2024	Social	1.0%	Report on Human Rights Impact Assessment of Targeted Advertising	For	No	Shareholders would benefit from further information on how the company plans to mitigate human rights risks related to its targeted advertising practices given the company faces several investigations regarding its practices and with rising regulatory risks particularly in the EU.	Pass	

	Alphabet Inc.	07/06/2024	Social	4.7%	Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies	For	No	Nordea voted for several shareholder resolutions at the Alphabet AGM. This specific as an independent human rights assessment on the impacts would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.	Fail	Nordea will continue to support shareholder proposals on these issues as long as the company is not showing substantial improvements.
Nordea Diversified Return Fund	Microsoft Corporation	10/12/2024	Social	4.5%	Report on Risks of Operating in Countries with Significant Human Rights Concerns	For	No	Nordea support the proposal as it improves transparency on material ESG issues such as human rights risk.	Fail	Nordea will continue to support shareholder proposals on this issue as long as it is needed.
	Mastercard Incorporated	18/06/2024	Governance	1.5%	Report on Gender-Based Compensation and Benefit Inequities	For	Nordea will share their concern with the company.	Nordea voted for the shareholder proposal as they believe additional disclosure of the company's 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.	Fail	Nordea will continue to support shareholder proposals on this issue as long as it is needed.

Pictet Multi Asset Fund	Microsoft Corporation	07/12/2023	Social	2.1%	Report on Risks of Operating in Countries with Significant Human Rights Concerns	For	No	A vote FOR this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.	Fail	Pictet noted the outcome of the vote. Where they believe the subject of the vote could present a material concern from an ESG perspective, They will continue to monitor and engage with the company, and are doing so in this case. If warranted, They will consider actions as part of their escalation strategy, including future voting decisions.
	Apple Inc.	28/02/2024	Governance	2.0%	Report on Median Gender/Racial Pay Gap	For	No	A vote FOR this proposal is warranted, as median pay gap statistics would allow shareholders to better compare and measure the progress of the company's diversity and inclusion initiatives.	Fail	
	Amazon.com, Inc.	22/05/2024	Environmental	1.2%	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	For	No	A vote FOR this proposal is warranted, as shareholders would benefit from more disclosure on whether and how the company considers human capital management and community relations issues related to the transition to a low-carbon economy as part of its climate strategy.	Fail	