

RNLI 1983 Contributory Pension Scheme

Implementation Statement – December 2023

Why have we produced this Statement?

The Trustee of the RNLI 1983 Contributory Pension Scheme have prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustee has complied with the voting and engagement policies detailed in the Scheme's Statement of Investment Principles (SIP).

The Trustee last reviewed the SIP in November 2023.

What is the purpose of this Statement?

1. To explain how the Trustee's engagement policies have been applied over the year.
2. To describe how the voting rights attached to the Scheme's assets have been exercised over the year.

What changes have we made to the SIP?

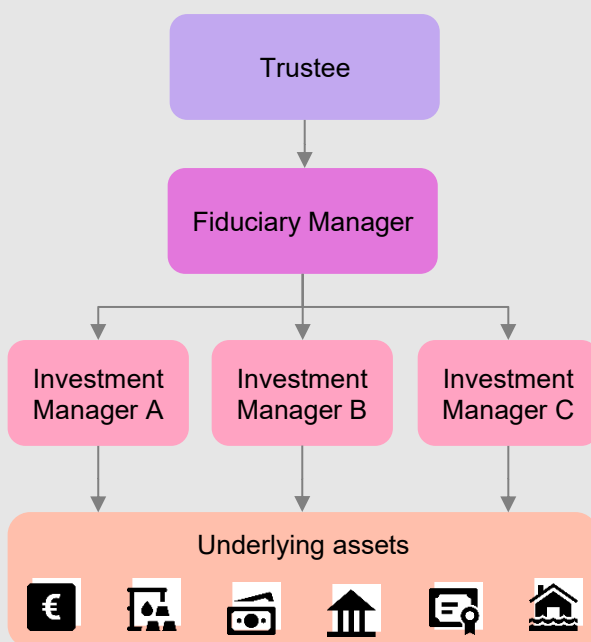
The Trustee have made the following changes to the SIP over the year:

- Minor updates to ensure the SIP remains in line with best practice.
- To state that the Fiduciary Manager is responsible for sweeping un-invested cash balances into pooled cash funds.

In conclusion...

...The Trustee is satisfied that over the year, all SIP policies and principles were adhered, and in particular, those relating to voting and engagement.

How are the Scheme's investments managed?



Trustee - The Trustee's key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustee retain overall responsibility for the Scheme's investment strategy, but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Fiduciary Manager (WTW) – The Trustee employs a Fiduciary Manager to implement the Trustee's investment strategy. The Fiduciary Manager allocates the Scheme's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate, where the assets are held directly in the Scheme's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee has appointed a Fiduciary Manager who shares this view and has fully embedded the consideration of ESG factors, voting and engagement in its processes.

The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations, but has identified climate and human and labour rights as key areas of focus.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustee expect the Fiduciary Manager to engage with investment managers to improve their processes.

What training have the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting, and engagement the Trustee received the following training over the year:

- ESG and sustainability integration of the Scheme's underlying funds TWIM SIF and TWIM CDF at the Q1 and Q3 2023 Trustee meetings, respectively.
- Reviewed and approved the Trustee's stewardship priorities at the Q4 2023 meeting. These priorities were documented in the SIP as part of its most recent review.

What are the Fiduciary Manager's policies?

Climate change and net zero pledge

The Trustee believes Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has committed to targeting net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030, in the portfolios that it manages including the Scheme's.

Public policy and corporate engagement

The Fiduciary Manager partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2023 include:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations or proactive equivalents and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 against management.
- Active participation in a range of global stewardship initiatives.

Industry collaboration initiatives

The Fiduciary Manager engages in several industry initiatives including:

- Signatory of the UK Stewardship Code
- Co-founder of the Net Zero Investment Consultants Initiative
- Member of Net Zero Asset Managers Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- Member of the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founder of the Investment Consultants Sustainability Working Group
- Founding member of The Diversity Project
- Supporter of the Transition Pathway Initiative

How does the Fiduciary Manager assess the investment managers?

Investment manager appointment - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2023 the Fiduciary manager conducted engagements with over 150 managers on sustainability and stewardship. In 2022 it also introduced engagement priorities on climate, modern slavery, and engagement reporting for all our asset managers.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis.

Investment manager termination - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

Example of engagement carried out over the year

Equity manager

General ESG issue

Issue: Adoption of Task Force on Climate-Related Financial Disclosures (TCFD) reporting

Outcome: Monitor manager quarterly if making progress. Relatively early in the conversations with the manager, need to see how receptive the manager is to our engagement on this.

Core Structured Credit manager A

Environment - Climate ESG issue

Issue: Climate reporting at mandate level. Manager is looking to map loan level data to Partnership for Carbon Accounting Financials where available.

Outcome: Climate reporting on subset of portfolio is underway.

Core Structured Credit manager B

Other ESG Issue

Issue: No ESG reporting, measurement of carbon emissions and scoring of portfolio ESG risks.

Outcome: Formalised ESG reporting, measurement of carbon emissions and scoring of portfolio ESG risks.

What are the voting statistics we provide?

The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity investment managers.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- Trustee stewardship priorities (climate change, and human and labour rights).
- Financial outcome for members, including size of holding.
- High profile vote.

The Scheme is invested in both active (trying to outperform the market) and passive (aiming to perform in line with the market) equity funds. The Trustee has decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome.

The Trustee has also included the Fiduciary Managers assessment of the investment managers ESG integration and stewardship (including voting and engagement) capabilities.

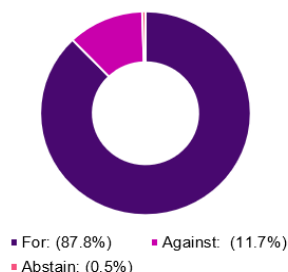
Manager Voting Activity

Towers Watson Investment Management – Towers Watson Global Equity Focus Fund

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 3285
Percentage of eligible to cast: 98%



Significant vote

Company: Alphabet

% Fund: 5.7%

Vote topic: Human rights

Issue: The proposal was regarding greater transparency related to business conducted in places with significant human rights concerns

Voting instruction: For management

Outcome: Fail

Why a significant vote? The manager believes transparency on country risk is a non-controversial proposal and serves both social and governance interests

Next steps: The manager will vote for similar measures in the future

Significant vote

Company: Microsoft Corp

% Fund: 4.9%

Vote topic: Report on climate risk in retirement plan options

Issue: Manager voted for this shareholder proposal as they believe that it promotes transparency and addresses a potential ESG risk

Voting instruction: For management

Outcome: Fail

Why a significant vote? Greater transparency allows shareholders to better assess the underlying risks and opportunities

Next steps: Manager to continue to promote greater transparency across all holdings if it does not put the company in a competitive disadvantage

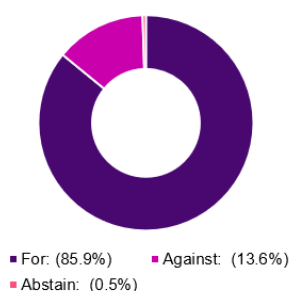
Voting policy: As TWIM manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. We expect all of our underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. We have appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all of our clients. In addition, EOS is expanding the remit of engagement activity they perform on our behalf beyond public equity markets, which will enhance stewardship practices over time.

Towers Watson Investment Management – Towers Watson Core Diversified Fund

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 42,932
Percentage of eligible to cast: 94.7%



Significant vote

Company: Amazon

% Fund: 0.50%

Vote topic: Working Conditions

Issue: The proposal to promotes transparency on warehouse working conditions.

Voting instruction: For management

Outcome: Fail

Why a significant vote? The manager considers worker safety to be an important element of company performance as well as reputation.

Next steps: Continue to consider proposals on worker safety.

Significant vote

Company: Berkshire Hathaway

% Fund: 0.17%

Vote topic: Disclose and Reduce GHG Emissions

Issue: Shareholder proposal promotes better management of ESG opportunities and risks

Voting instruction: For management

Outcome: Fail

Why a significant vote? Vote against management, large holding in portfolio

Next steps: Limited information provided

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