

# R.N.L.I 1983 Contributory Pension Scheme Implementation Statement – 31 December 2024

## Why have we produced this Statement?

The Trustee of the R.N.L.I 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).

## What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy.

It also explains how and why the Trustee delegates certain responsibilities to third parties

and the risks the Scheme faces and the mitigated responses.

The Trustee last reviewed the SIP in November 2023.

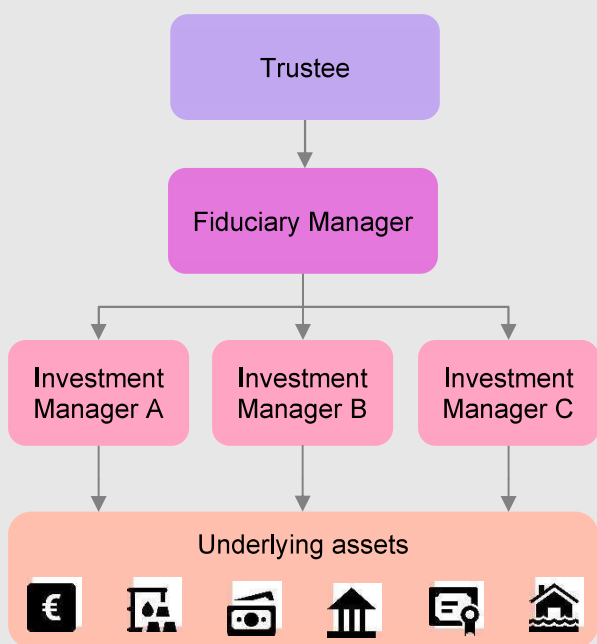
## What is the purpose of this Statement?

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

## What changes have we made to the SIP?

No changes have been made to the SIP over the year, published in November 2023. Changes to the SIP are currently underway to capture the latest investment strategy review.

## 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 this 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 considers and integrates 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 for the Trustee.

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:

The Trustees received a Sustainable Investment update in December 2024. This included training on the latest regulatory developments, WTW's key policies and beliefs around SI and work WTW have been doing in this area, in terms of innovative solutions and process changes; work influencing other stakeholders and helping clients monitor and assess their managers and WTW.

## What are the Fiduciary Manager's policies?

### Climate change and net zero goal

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

The Fiduciary Manager has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. They believe the trajectory is important, so are also aiming to approximately halve emissions per amount invested by 2030.

### Public policy and corporate engagement

The Fiduciary Manager partners with an external stewardship service provider, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2024 include:

- Engagements with 994 companies on a total of 4,267 issues and objectives.
- Voting recommendations on 143,075 resolutions, with 25,070 against management.
- Active participation in a range of public consultations and meetings with government officials, financial regulators, stock exchanges, industry associations, and other key parties to contribute to the development of policy and best practice.

### Industry initiatives

As at end December 2024 the Fiduciary Manager was a member of the following initiatives:

- Signatory of the UK Stewardship Code
- Net Zero Investment Consultants Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- ESG Data Convergence Initiative
- Member of the Institutional Investors Group on Climate Change (IIGCC)
- Asian Investors Group on Climate Change (AIGCC)
- Australasian Investors Group on Climate Change (IGCC)
- Investment Consultants Sustainability Working Group
- The Diversity Project
- The Thinking Ahead Institute
- 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 2024 the Fiduciary Manager collected data from around 1,200 products, conducted engagements with over 70 managers across various asset classes and engaged on over 100 products on sustainability and stewardship.

**Investment manager monitoring** - The Fiduciary Manager produces detailed reports on the

investment managers' ESG integration and stewardship capabilities on an annual basis. These reports form part of the Trustee's portfolio monitoring.

**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 SBTi targets issue

**Issue:** Based on the manager's 2023 Task Force on Climate-Related Financial Disclosures (TCFD) Report, the Fiduciary Manager has found that there were companies in the Global Focus Fund that do not have commitment to Science Based Targets Initiative (SBTi) Targets (11 out of 25 companies) and have no verified SBTi Targets (8 out of 25 companies). In doing so, Fiduciary manager has touched on the Net Zero Approach and how the manager engages with companies. The manager has highlighted that they encourage companies to sign up for SBTi targets, and they have highlighted a case study that they are willing to vote against the management if they are not willing to address this issue.

**Outcome:** The Fiduciary Manager did not have material concerns after the discussion about the topic, given the manager's willingness to act. The Fiduciary Manager will continue to have engagements with the manager and to go thorough specific case studies in the portfolio. For the future discussions, the goal is to discuss the companies that are not aligned or on track with their targets, and where the manager hasn't made any engagement efforts.

### Core Structured Credit manager Environment - Climate issue

**Issue:** The manager has not yet produced asset-level climate reports for the fund, which is a minimum requirement for Sustainable Investing. The Fiduciary Manager has engaged with the manager to initiate the production of these reports.

**Outcome:** The Fiduciary Manager has engaged with both the investment team for the fund and the investor relations team through in-person meetings, phone calls, and emails. Where necessary, the Fiduciary Manager have urged the investment team to consider proxied carbon emissions for underlying assets when actual carbon emission data is not readily available.

The Fiduciary Manager will continue to collaborate with the manager as they work towards producing the initial climate reports for the fund. The next step involves taking the collected data and generating comprehensive written reports.

### Reinsurance manager Environment - Climate issue

**Issue:** The Fiduciary Manager engaged with the manager on ESG issues, specifically climate change research, and discussed potential solutions to protect the portfolio from evolving climate dynamics.

**Outcome:** The Fiduciary Manager has engaged with the Chief Investment Officer (CIO) and Investment team for the fund both in person and via teams. While the fund was set up as a long-only fund, this engagement resulted in a hedge being put on in the portfolio to protect against the forecast highly active hurricane season. The Fiduciary Manager is pleased that the manager listened and acted on the mentioned concerns and will continue to monitor the success of the hedge & wider portfolio in light of the changing climate.

## 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, human and labour rights)
- Financial outcome for members, including size of holding

- High profile vote, including votes not supporting company management

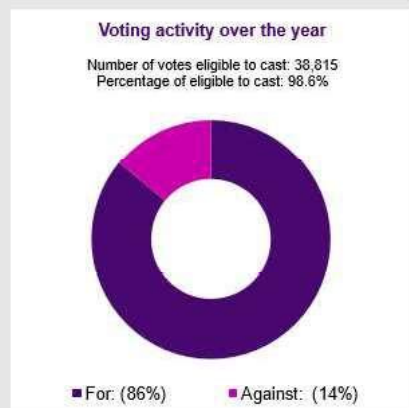
The Scheme is invested in both active (trying to outperform the market) and passive (aiming to perform in line with the market) equity funds. The Trustee has decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome. The tables below outline the voting activity over the year to 31 December 2024 for the Core Diversified Fund and the Global Equity Focus Fund.

### **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.

# Towers Watson Core Diversified Fund

## Voting activity over the year



### Significant vote

**Company:** Amazon.com, Inc.  
**% Fund:** 0.8%

**Vote topic:** Disclose all material scope 3 greenhouse gas emissions

**Issue:** The shareholder proposal promotes better management of Social, Environmental and Ethical opportunities and risks

**Voting instruction:** For shareholder proposal, against management

**Prior communication of against vote:** No

**Outcome:** Failed the resolution

**Why a significant vote?** Climate change is one of the stewardship priorities and it has a large holding in the portfolio

**Next steps:** None to report

### Significant vote

**Company:** Berkshire Hathaway Inc.  
**% Fund:** 0.3%

**Vote topic:** Report on efforts to measure, disclose and reduce greenhouse gas emissions associated with underwriting, insuring, and investing

**Issue:** The manager supported climate risk disclosure, voting against management but in line with ISS recommendations, believing leadership on the issue outweighed the minor costs and inconvenience of compliance.

**Voting instruction:** For shareholder proposal, against management

**Prior communication of against vote:** No

**Outcome:** Failed the resolution

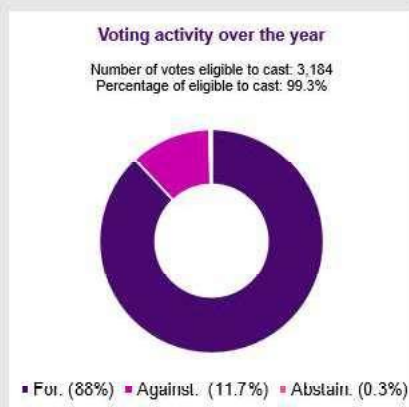
**Why a significant vote?** Climate change is one of the stewardship priorities

**Next steps:** The manager wrote to the CEO to express the importance of climate risk transparency and encouraged the company to lead on this issue rather than wait for policy guidance

**Voting policy:** As the manager manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of the Fund's underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has 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 the investors. In addition, EOS is expanding the remit of engagement activity they perform on the Fund's behalf beyond public equity markets, which will enhance stewardship practices over time.

# Towers Watson Global Equity Focus Fund

## Voting activity over the year



### Significant vote

**Company:** Alphabet  
**% Fund:** 5.5%

**Vote topic:** Adopt targets evaluating YouTube child safety policies

**Issue:** The manager faces scrutiny over harmful content on YouTube, with legislation impacting content monitoring, and the request for annual information on child safety management is seen as beneficial and not overly burdensome for shareholders.

**Voting instruction:** For shareholder proposal, against management

**Prior communication of against vote:** Yes

**Outcome:** Failed the resolution

**Why a significant vote?** It is a vote against the management, and it has a large holdings in the portfolio.

**Next steps:** The Manager was disappointed with the outcome of the vote. However, the manager anticipates similar proposals in the future, which they intend to support.

### Significant vote

**Company:** Eli Lilly and Company  
**% Fund:** 1.4%

**Vote topic:** Report on effectiveness of diversity, equity, and inclusion efforts

**Issue:** Shareholder proposal promotes better management of social, environmental and ethical opportunities and risks.

**Voting instruction:** For shareholder proposal, against management

**Prior communication of against vote:** N/A

**Outcome:** Failed the resolution

**Why a significant vote?** Diversity, equity and inclusion are stewardship priorities

**Next steps:** The manager will continue to consider proposals on effectiveness towards diversity, equity and inclusion efforts.

**Voting policy:** As the manager manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of the Fund's underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has 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 the investors. In addition, EOS is expanding the remit of engagement activity they perform on the Fund's behalf beyond public equity markets, which will enhance stewardship practices over time.