

# Royal Commonwealth Society for the Blind Pension and Assurance Scheme

## ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31<sup>st</sup> December 2023

### Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (SIP) produced by the Trustees, has been followed during the year to 31<sup>st</sup> December 2023 the 'Scheme Year'). 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 2019 and the guidance published by the Pensions Regulator.

### Trustees Investment Objective

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. As set out in the SIP the Trustees' primary investment 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.

The Trustees believe that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Scheme Actuary.

### Investment Strategy

Over the year to 31 December 2023, the Trustees did not make any changes to the Scheme's investment strategy. The Trustees reviewed the investment strategy during 2023 and the agreed changes were implemented post Scheme year-end in Q1 2024.

### Statement of Investment Principles

The Scheme's Statement of Investment Principles ("SIP") is subject to review at least triennially. During the year to 31 December 2023, the Trustees did not update the SIP meaning that the version dated September 2020 remained in force for the Scheme year. A copy of the latest SIP, which was updated in May 2024, following the strategy review implemented early in 2024, can be sourced [here](#).

### Policy on ESG, Stewardship and Climate Change

The Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. They believe that financially material considerations

are implicitly factored into the expected risk and return profile of the asset classes they are investing in. However, the Trustees have not made an explicit allowance for risks associated with climate change, as they believe it is difficult to accurately quantify.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new investment managers and these policies are also reviewed regularly for existing investment managers with the help of the investment consultant. The Trustees will only invest with investment managers that are signatories to the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standard.

The Scheme's SIP includes the Trustees policies on ESG factors, stewardship and climate change. The policies were reviewed, as part of the Trustees ongoing monitoring of the Scheme's investments, during the year to 31 December 2023 but no changes were made.

The Trustees have identified the following stewardship priorities and believe that any voting on these issues are seen as 'significant'.

- Climate Change related: e.g. a vote on a company's carbon disclosures – this represents an E (environmental) theme
- Human rights: e.g. pay & safety in workforce and supply chains, etc – this represents a S (social) theme
- Corporate governance: e.g. Board quality, diversity and inclusion, executive remuneration – this represents a G (governance) theme

## 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 review the stewardship and ESG policies of the Fund managers periodically. The underlying investment managers engaged with companies over the year on a wide range of different issues including ESG factors.

## Voting Activity

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, the Trustees have therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately 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.

The table below shows the level of voting activity undertaken by the Scheme's investment managers over the year to 31 December 2023.

<b>Voting Data to 31 December 2022</b>	<b>Baillie Gifford</b>	<b>Columbia Threadneedle</b>
<b>Votes in total</b>	528	7,316
<b>% of votes in favour of management</b>	89.6%	85.6%
<b>% of votes against management</b>	2.3%	11.5%
<b>% of votes abstained</b>	0.4%	1.7%
<b>Proxy Voting</b>	<p>ISS – recommendations only.</p> <p>Glass Lewis &amp; Co. – recommendations only.</p> <p>Baillie Gifford are cognisant of proxy advisers' voting recommendations. However, they make all client-voting decisions in-house.</p>	<p>ISS – Columbia Threadneedle Investments utilises the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) to cast votes for client securities and to provide recordkeeping and vote disclosure services. They have retained both Glass, Lewis &amp; Co. and ISS to provide proxy research services to ensure quality and objectivity in connection with voting client securities.</p>

## Significant Votes

The table below shows examples of the most significant votes that occurred over the year to 31 December 2023 for the Scheme and how these votes align with the Trustees' stewardship priorities. The Trustees feel that the voting policy of the managers was broadly aligned to the Scheme's stewardship priorities over the year.

### Columbia Threadneedle ("CT") Multi-Asset Fund

Company Name & date of vote	Why deemed significant?	Size of holding at date of vote	Summary of the resolution	How the asset manager voted	Rationale	Outcome
Amazon.com, Inc. 24 May 2023	Relates to the Trustees' climate change stewardship priority	0.008%	Report on Impact of Climate Change Strategy Consistent with Just Transition Guidelines	For	CT felt 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. CT are supportive of requests to enhance disclosure and transparency concerning climate risk so long as the resolution does not directly circumvent management discretion or seek to entirely redefine the company's existing business strategy. To meet the ambition of the Paris	Fail

					Agreement and avoid massive risk to shareholder value, CT believe corporations should demonstrate the nexus between their climate aspirations and business strategy via disclosure of credible Paris- or 1.5 degree-aligned emissions reduction targets. CT felt that current disclosure does not sufficiently provide investors such information.	
Shell Plc 23 May 2023	Relates to the Trustees' climate change stewardship priority	0.003%	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Abstain	CT felt abstaining was the best option to recognise progress made by the company and engagement to date whilst retaining their position that they would prefer to see greater movement towards full Paris alignment in the coming years.	Fail
Alphabet Inc. 2 June 2023	Relates to the Trustees' human rights stewardship priority	0.004%	Report on Risks of Doing Business in Countries with Significant Human Rights Concerns	Abstain	The company faces risks related to human rights in its global operations. Good practice includes developing a clear human	Fail

					rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.	
Quest Diagnostics Incorporated 17 May 2023	Relates to the Trustees' climate change stewardship priority	Size of holding not provided by the manager	Adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	For	CT are supportive of requests to enhance disclosure and transparency concerning climate risk so long as the resolution does not directly circumvent management discretion or seek to entirely redefine the company's existing business strategy. To meet the ambition of the Paris Agreement and avoid massive risk to shareholder value, CT believe corporations should demonstrate the nexus between their climate aspirations and business strategy via disclosure of credible Paris- or 1.5 degree-aligned emissions reduction targets. CT felt that current disclosure does not sufficiently	Fail
TotalEnergies SE 26 May 2023	Relates to the Trustees' climate change stewardship priority	0.001%	Align Targets for Indirect Scope 3 Emissions with the Paris Climate Agreement (Advisory)	For		Fail
United Parcel Service, Inc. 4 May 2023	Relates to the Trustees' climate change stewardship priority	Size of holding not provided by the manager	Adopt Independently Verified Science-Based Greenhouse Gas Emissions Reduction Targets in Line with the Paris Climate Agreement	For		Fail

						provide investors such information.
NIKE, Inc. 4 May 2023	Relates to the Trustees' human rights stewardship priority	0.002%	Report on Median Gender/Racial Pay Gap	For		CT felt the proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.
Amazon.com, Inc. 24 May 2023	Relates to the Trustees' human rights stewardship priority	0.008%	Report on Median and Adjusted Gender/Racial Pay Gaps	For		CT felt the proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.

#### **Baillie Gifford ("BG") Multi-Asset Growth Fund**

<b>Company Name &amp; date of vote</b>	<b>Why deemed significant?</b>	<b>Size of holding at date of vote</b>	<b>Summary of the resolution</b>	<b>How the asset manager voted</b>	<b>Rationale</b>	<b>Outcome</b>
Prysmian S.P.A. 19 April 2023	Relates to the Trustees' corporate governance stewardship priority	1.44%	Executive compensation	Against (intention communicated ahead of AGM)	BG opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the	Pass

					long-term incentive award. They believe the use of discretion should be carefully evaluated, and used to support and prioritise the long-term prospects of the business. They are not convinced that this use of discretion meets that bar.	
Prologis, Inc. 4 May 2023	Relates to the Trustees' corporate governance stewardship priority	0.82%	Executive compensation	Against	BG opposed executive compensation because they do not believe the performance conditions for the long term incentive plan are sufficiently stretching.	Fail
NextEra Energy, Inc. 18 May 2023	Relates to the Trustees' corporate governance stewardship priority	0.07%	Executive compensation	Against (intention communicated ahead of AGM)	BG opposed the advisory vote on compensation because the performance metrics allow for vesting to begin below median, which they do not find sufficiently stretching.	Pass
NextEra Energy, Inc. 18 May 2023	Relates to the Trustees' corporate governance stewardship priority	0.07%	Shareholder resolution - Governance	For	BG supported a shareholder resolution requesting a board diversity and qualifications matrix because they believe that shareholders would	Fail

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					benefit from individualised information on the skills and qualifications of directors, as well as disclosure on climate-related skills and qualifications.	
Rexford Industrial Realty, Inc. 5 June 2023	Relates to the Trustees' corporate governance stewardship priority	0.92%	Executive compensation	Against	BG opposed the executive compensation policy as they do not believe the performance conditions are sufficiently stretching.	Pass

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