

# National Union of Rail, Maritime and Transport Workers Pension Scheme - Implementation Statement

## Purpose

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This statement provides information on how, and the extent to which, the Trustee's policies in relation to the exercising of rights (including voting rights), attached to the Scheme's investments, and engagement activities have been followed during the year ended 31 December 2024 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast by investment managers on behalf of the Scheme during the reporting year.

## Background

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In February 2019, the Trustee received training on Environmental, Social and Governance ("ESG") issues from its Investment Adviser, XPS Investment ("XPS") and discussed its beliefs around those issues. This enabled the Trustee to consider how to formulate a policy in relation to ESG and voting issues. The Trustee's policy was documented in the updated Statement of Investment Principles ("SIP") dated October 2019.

XPS provided the Trustee with further guidance in September 2020 on additional regulatory requirements which came into effect from 1 October 2020. The recommended wording was agreed upon by the Trustee in Q3 2020 and documented in the SIP dated September 2020.

Following discussions at the February 2024 Trustee meeting, recommended wording relating to stewardship activity priority factors was agreed upon by the Trustee. This wording was then incorporated in the updated SIP dated March 2025.

## The Trustee's updated policies

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During the reporting year, an additional policy was introduced in order to ensure sufficient oversight of the engagement and voting practices of their managers. This stated that the Trustee may periodically meet with their Investment Managers to discuss engagement which has taken place, and the Trustee will also expect its Investment Adviser to engage with the Managers from time to time as needed and report back to the Trustee on the stewardship credentials of their Managers. The Trustee will then discuss the findings with the Investment Adviser, in the context of their own preferences, where relevant. This will include considering whether the Manager is a signatory to the UK Stewardship Code. The Trustee recognises the Code as an indication of a Manager's compliance with best practice stewardship standards.

The following wording around stewardship priorities was also added to the SIP:

*Within the context of ESG the Trustee has agreed a number of factors which it considers to be priorities for stewardship activity undertaken by their Investment Managers:*

### *Environmental:*

- *Climate Change - for example climate-related governance and oversight structures, and clearly identifying and managing climate-related risks.*
- *Natural resources - for example clearly identifying and managing risks in relation to biodiversity loss and mitigation of loss.*

### *Social:*

- *Human and Labour rights - for example a Modern Slavery Act statement, consideration of local communities / indigenous peoples, and a consideration of labour standards (e.g. zero hours contracts) and corporate union stance.*

- *Diversity and Inclusion* - for example a firm policy on diversity and inclusion, with targets for representation of Staff and Executive, and published gender / ethnicity pay gaps.
- *Armament industry* - for example understanding links to armament industry, in particular controversial weapons, through revenue stream, distribution channels and supply chains.

*Governance:*

- *Executive Remuneration* - for example having a clear alignment of interest for stakeholders, maximum pay-outs in line with expectations and a consideration for the disapplication of pre-emption rights.

*The Trustee periodically reviews stewardship activity undertaken by their Investment Managers to ensure that the policies and priorities outlined above are being met and may explore these issues with its Investment Managers as part of the ongoing monitoring of the ESG integration and stewardship activities of its Investment Managers.*

Lastly, during the reporting year, the Trustee expressed an opposition to armaments and Barclays exposure and subsequently commissioned a report to evaluate the levels of this exposure within its investment strategy.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry. It will monitor the results of those votes deemed by the managers to be most significant in order to determine whether additional specific priorities should be introduced and communicated to the managers.

## Manager selection exercises

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One of the main ways in which the Trustee's policy in relation to ESG issues is expressed is via manager selection exercises: the Trustee seeks advice from XPS on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there were no manager selection exercises. However, post-year-end, the Trustee received advice on selecting an investment manager for a potential multi-sector credit ("MSC") fund, following its agreement to allocate 13% to MSC based on the Investment Strategy Review conducted in November 2024. The Trustee expressed a desire that the allocation should go to an MSC fund that had been given the XPS sustainable designation, which was one of the main criteria considered in the initial shortlist. The Trustee agreed in February 2025 that the most suitable fund for this allocation is the Insight Responsible Horizons Multi Sector Credit Fund.

## Ongoing Governance

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The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements. Further, the Trustee has set XPS the objective of ensuring that any selected managers reflect the Trustee's views on ESG (including climate change) and stewardship.

The Trustee's investment adviser XPS, has had confirmation from the investment managers that various engagement activities had taken place during the reporting year. For example, Rathbones made a statement at the UK energy company BP's April Annual General Meeting which criticised its failure to put its revised net zero targets to a shareholder vote. Rathbones felt as though the shareholders should have a right to vote on such a significant strategic change. Another example of engagement activity by Rathbones includes its support of a shareholder resolution at the April Annual General Meeting of the UK pharmaceutical company Johnson & Johnson. The resolution called for the production of an assessment evaluating the company's impact on human rights, including the right to affordable medicine. Rathbones supported the resolution despite opposition from the company's management. The resolution included a discussion of whether the results of the assessment would be integrated into Johnson & Johnson's operations and decision making.

During the 2024 reporting year, the Trustee commissioned a report from XPS to evaluate the extent to which the Scheme's investment portfolio is exposed to Barclays PLC and companies in the armaments and defence sectors. The report concluded that the Scheme is exposed both directly and indirectly to companies associated with armaments, however the revenue derived from such companies within the Scheme's portfolio is minimal. Furthermore, the Scheme has exposure to Barclays plc through LGIM. The Trustee is strongly opposed to armament exposure, leading to the commission of the report and the subsequent decision to divest from companies which have exposure to armaments, as far as practically possible.

The report was discussed at the February 2025 Trustee meeting. It was agreed by the Trustee that Rathbones should be instructed to divest from the 3 companies which have exposure to armaments, namely Berkshire Hathaway, Texas Instruments and Palo Alto.

## Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

## Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to UK and global equities through the Rathbones portfolio, and investments in equities will also form part of the strategy for the diversified growth fund (managed by LGIM) in which the Scheme invested during the reporting year. In addition, the Scheme invests in an equity overlay strategy with Schroders. This fund provides exposure to equities via derivatives rather than via physical equities. As a result, there are no voting rights involved. A summary of the voting behaviour and most significant votes cast by LGIM and Rathbones is as follows.

Note that in this section the responses have been provided by the investment managers and therefore "we" or "us" or "our" will often be written from the perspective of the investment manager, not XPS or the Trustee.

### Rathbones segregated portfolio

Voting Information
Rathbones segregated portfolio
The manager voted on 47.88% of resolutions of which they were eligible out of 24,257 eligible votes.
Investment Manager Client Consultation Policy on Voting
We are a discretionary fund manager; clients give delegated authority for all aspects of their portfolio management to Rathbones. We set voting policy centrally based on recognised best practice. As such we do not actively seek out the views of clients before voting. However, we are open to hearing from clients where they have views on specific voting items and are prepared to issues split votes to reflect those instructions.
Investment Manager Process to determine how to Vote
Our Responsible Investment Policy commits us to voting anything above 90% of our assets by value. Our active voting lists comprises our top holdings in UK and international equity, collectives and a sub set of smaller companies where we account for greater than 2.5% of shares in issue.
How does this manager determine what constitutes a 'Significant' Vote?

Significance was decided upon based on a combination of the size of the holding within the portfolio and the importance of the vote itself.

Does the manager utilise a Proxy Voting System? If so, please detail

We use a proxy voting provider to implement our bespoke voting policy. We also use their proxy voting platform.

#### Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting Subject	How did the Investment Manager Vote?	Result
Alphabet, Inc.	07/06/2024	2.91%	Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies	For	Fail
Why the vote was deemed significant: Human Rights					
Where voted against the company, was this communicated: Yes					
<p>Rationale: Unregulated AI poses significant risks to society, such as spreading false information. Companies failing to address these risks may face legal, financial, and reputational issues. Alphabet's stock fell by 4% after suspending image creation using generative AI due to racial bias accusations.</p> <p>At the June 2024 AGM, we supported a resolution for Alphabet to report on the risks of spreading false information via AI. We also backed seven other resolutions, including reducing false/misleading content about reproductive healthcare in abortion service searches and advocating for one-share, one-vote to enhance shareholder rights.</p> <p>Implication: The proposal failed to pass, but we will continue to press Alphabet on these issues, especially as AI becomes more sophisticated.</p>					
Microsoft, Corp	10/12/2024	3.66%	Report on Risks of Operating in Countries with Significant Human Rights Concern	For	Fail
Why the vote was deemed significant: Human Rights					
Where voted against the company, was this communicated: Yes					
<p>Rationale: Microsoft is building a data centre in Saudi Arabia, a country with a problematic human rights record. There are concerns that the Saudi state might access stored data to persecute dissidents. Similar issues could arise in other countries where Microsoft is expanding its data centres.</p> <p>At the December 2024 AGM, we supported a shareholder proposal requesting the Board to produce a report on data centre operations in countries with human rights concerns. The report should also outline Microsoft's strategy for mitigating potential human rights damage from these centres.</p> <p>Implication: The proposal failed to pass. We will consider voting against the Chair of the Board if Microsoft does not provide a satisfactory explanation of how it is addressing these issues.</p>					
Pepsico, Inc	01/05/2024	1.87%	Report on Third-Party Racial Equity Audit	For	Fail
Why the vote was deemed significant: Race Equity					

Where voted against the company, was this communicated: Yes					
Rationale: PepsiCo has faced accusations of racial discrimination and insensitivity, including claims that a 2017 ad trivialized Black Lives Matter. In 2024, we supported a shareholder proposal for an independent audit of racial justice in all company activities. This audit aims to identify blind spots that could hinder PepsiCo's efforts to improve its societal relationships.					
Implication: The proposal failed to pass. We will consider escalating the issue in the coming year if necessary.					
Proctor & Gamble, Co	08/10/2024	2.20%	Report on Median Gender/Racial Pay Gap	For	Awaiting reply
Why the vote was deemed significant: Gender/Race					
Where voted against the company, was this communicated: Yes					
Rationale: The company discloses a lot about its diversity strategy and is producing better pay statistics. However, it does not yet publish pay gaps across the company between men and women, and minorities and non-minorities, in raw or like-for-like terms. If P&G cannot prove it is doing well on diversity, it faces legal, reputational, and operational risks.					
At the October 2024 AGM, we backed a shareholder proposal for P&G to report on these pay gaps. The proposal also called for reporting on competitive, reputational, and other risks associated with these gaps.					
Implication: We are awaiting a reply to our letter explaining our voting rationale. We will consider escalating the issue at the AGM if we do not hear back from the company or if its reply is unsatisfactory.					
Shell PLC	21/05/2024	2.96%	Approve the Shell Energy Transition Strategy	Against	Pass
Why the vote was deemed significant: Climate change					
Where voted against the company, was this communicated: Yes					
Rationale: Approve the Shell Energy Transition Strategy, we have determined to vote against the approval of the plan. We are once again grateful for the detailed engagement with the company on this topic. We agree that a revised plan was needed as it was very unlikely that the company was going to meet its previous 2035 Net Carbon Intensity targets whilst pursuing its strategy to grow the LNG business. However, the new strategy still falls short of the level of ambition required by the Paris Agreement and hence the science-based targets set by investors like Rathbones. As universal owners facing portfolio level risks, we cannot let climate change become purely an issue of relative performance; it is not enough to be the best in a sector with low standards. Whilst we acknowledge good progress on reducing direct emissions, it is that lack of ambition on scope three that matters.					
Implication: The proposal passed, but got more than 20% votes against, so will be placed on the IA's public register. The company will need to demonstrate engagement with shareholders who voted against by the time of the next AGM.					

1. Rathbones' Responsible Investment Policy commits them to voting on 90% of their assets by value. This compares with 47.88% of resolutions of which Rathbones were eligible to vote out of 24,257 eligible votes. The reason for the difference is that the 90% relates to the value of assets, whereas the 47.88% relates to the total number of available resolutions. There is a large tail of smaller investments held by managers across the firm which would be included in the 90%, so Rathbones do not vote on them, but may still have a large number of available resolutions.

#### Legal and General Investment Management ("LGIM") – Dynamic Diversified Fund

#### Voting Information

## LGIM Dynamic Diversified Fund

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774). **Authorisation**

### Investment Manager Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

### Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

### How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to: • High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny; • Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote; • Sanction vote as a result of a direct or collaborative engagement; • Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes. We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

### Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice. We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or



explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

#### Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote	Outcome
Apple Inc.	28/02/2024	0.5%	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Against	Fail
Why the vote was deemed significant: Thematic - Diversity: LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.					
Where voted against the company, was this communicated: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics					
Rationale: Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.					
Implication: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.					
Microsoft Corporation	10/12/2024	0.48%	Resolution 9: Report on AI Data Sourcing Accountability	For	Fail
Why the vote was deemed significant: High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.					
Where voted against the company, was this communicated: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Rationale: Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models					
Implication: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.					
Shell Plc	21/05/2024	0.3%	Resolution 22: Approve the Shell Energy Transition Strategy	Against	Pass
Why the vote was deemed significant: Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.					
Where voted against the company, was this communicated: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.					
Rationale: Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions					

from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.

Implication: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

<b>Tencent Holdings Limited</b>	<b>14/05/2024</b>	<b>0.22%</b>	<b>Resolution 3a: Elect Charles St Leger Searle as Director</b>	<b>Against</b>	<b>Pass</b>
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Where voted against the company, was this communicated: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Rationale: Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors.

Implication: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

<b>Unilever Plc</b>	<b>01/05/2024</b>	<b>0.28%</b>	<b>Resolution 4: Approve Climate Transition Action Plan</b>	<b>For</b>	<b>Pass</b>
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Why the vote was deemed significant: Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Where voted against the company, was this communicated: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Rationale: Climate change: A vote FOR the CTAP is applied as we understand it to meet LGIM's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, we note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. We therefore remain supportive of the net zero trajectory of the company at this stage.

Implication: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Sources: Rathbones & Legal and General Investment Management