

Royal Commonwealth Society for the Blind Pension and Assurance Scheme

Engagement policy implementation statement

Financial year ending 31st December 2022

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 31st December 2022. 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 2022, the Trustees did not make any changes to the Scheme's investment strategy.

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 2022, the Trustees did not update the SIP meaning that the version dated September 2020 remains in force. A copy of the SIP 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 2022 but no changes were made.

Also, to meet new regulatory requirements, 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.

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 2022.

Voting Data to 31 December 2022	Baillie Gifford	Columbia Threadneedle
Votes in total	896	6162
% of votes in favour of management	95.3%	90.3%
% of votes against management	3.5%	7.7%
% of votes abstained	1.2%	2.0%
Proxy Voting	<p>ISS – recommendations only.</p> <p>Glass Lewis & 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 & 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 2022 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 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
General Motors Company 13 June 2022	Relates to the Trustees' human rights stewardship priority	Size of holding not provided by manager	Report on the Use of Child Labour in Connection with Electric Vehicles.	For	Supporting better ESG risk management disclosures	>20% against

Baillie Gifford Multi-Asset Growth 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
Lyft Inc. 16 June 2022	Relates to the Trustees' corporate governance stewardship priority	Size of holding not provided by manager	Update to policy on lobbying	For	Baillie Gifford believe Lyft can go further with disclosures.	Outcome not provided by manager
Booking Holdings Inc. 9 June 2022	Relates to the Trustees' corporate governance stewardship priority	Size of holding not provided by manager	Executive compensation	Against (intention communicated ahead of AGM)	Exec pay and special payments do not align with shareholders' experience or provide appropriate incentives for management.	Outcome not provided by manager