

Implementation Statement

British Red Cross UK Pension Fund

Purpose of this statement

This implementation statement has been produced by the Trustees of the **British Red Cross UK Pension Fund** ("**the Fund**") to set out the following information over the year to **31 December 2024**:

- the voting activity undertaken by the Fund's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes; and
- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Stewardship policy

The Trustees' Statement of Investment Principles ("SIP") in force as of April 2024 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in February 2024 and has been made available online here:

<https://www.redcross.org.uk/about-us/how-we-are-run/our-finances/annual-reports-and-accounts>

Given the Trustees have secured the Fund's liabilities with an insurer under a bulk annuity policy, they have not set stewardship priorities at this time.

How voting and engagement/stewardship policies have been followed

The Fund invests the residual assets (i.e., those not used to purchase the bulk annuity policy) in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Fund's investment managers.

The Trustees have reviewed the stewardship and engagement activities of the current managers during the year and were satisfied that their policies were reasonable, and no remedial action was required during the period.

As part of ongoing monitoring of the Fund's investment managers, the Trustees use information available within the pensions industry or provided by its investment consultant, to assess how the Fund's investment managers take account of ESG issues. The Trustees periodically meet with the investment managers, where ESG issues form part of the discussions.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Fund's stewardship policies.

Voting Data

The Gilt funds and corporate bond funds held with Legal & General Investment Management ("LGIM") and Insight Investment ("Insight") respectively have no voting rights.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by Insight during the year for the relevant funds. LGIM only manage cash and government bond assets and so no engagement data has been included.

Manager	Insight
Fund name	Buy & Maintain Bond Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	88
Number of entities engaged on behalf of the holdings in this fund in the year	54
Number of engagements undertaken at a firm level in the year	1,922

Examples of firm-wide engagement activity undertaken over the year to 31 December 2024

Insight: Natural capital and biodiversity

Insight believe that natural capital underpins all economic activities and human well-being. The unprecedented and widespread decline of biodiversity is generating significant but largely overlooked risks to the economy, financial sector and well-being of current and future generations. Focusing on natural capital and biodiversity represents an expansion of Insight's previous focus on water management (e.g., effluent emissions to soil and water), to consider additional natural capital risks. This is important given evolving regulatory frameworks around natural capital, including TNFD.

This theme is related to SDG GOAL 12: Responsible Consumption and Production; 14: Life Below Water and 15: Life Above Water.

To explore the issue of biodiversity in more detail, Insight conducted a research project in 2021 to develop a framework for considering natural capital risk in corporate bonds. The research was based on a three-stage

process, including an industry-level materiality assessment, geospatial mapping, and mitigation analysis. In 2022, they expanded their research on water risk, by applying a similar three-part risk analysis framework to identify companies within Insight portfolios which have high water dependencies, operate in water scarce areas, and have not disclosed water risk assessments for their operations and supply chains. Insight's analysis evaluated water stewardship disclosures and performance and to support engagement with issuers that they view are misaligned with their expectations for prudent water risk management.

To support their research and develop a larger influence when engaging with companies, Insight have joined Valuing Water Finance Initiative, a collaborative investor group with nearly 100 investor signatories representing >\$100 trillion in assets. The investor group has a focus list of 72 companies and established investor teams for priority engagements in early 2023.

Insight intends to participate in several Valuing Water Finance Initiative collaborative engagements and is the co-lead investor for Burberry Group PLC. As a co-lead investor for the engagement, Insight are the primary contact with the focus company to develop a long-term relationship and drive positive improvements on water stewardship. In 2023, Insight have defined the strategy for engagement, written a letter to the Burberry board outlining their expectations, and conducted our first direct engagement with the Vice President of Corporate Responsibility, Director of Quality, Senior Manager of Sustainable Manufacturing, and Investor Relations teams. The company was receptive to our dialogue, and Insight intend to organize their next engagement in 4Q 2023.

Insight also took part in CDP's Non-Disclosure Campaign, whereby they were both a lead and co-signing investor, targeting high risk companies who have not submitted a CDP water questionnaire.

Insight is in the process of conducting a series of engagements focused on issuers impacted by water or dependent on water as informed by our research, based on the framework we developed for biodiversity and natural capital.

Summary

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Fund's stewardship policies. The Trustees are supportive of the key engagement actions taken by the applicable fund managers over the period to encourage positive governance changes in their investee companies.

**Prepared by the Trustees of the British Red Cross UK Pension Fund
March 2025**