

RBC (UK) Pension Plan Implementation Statement – 31 March 2024

Why have we produced this Statement?

The Trustee of the RBC (UK) Pension Plan 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 Plan'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 Plan faces and the mitigated responses.

The Trustee last reviewed the SIP in December 2023.

What is the purpose of this Statement?

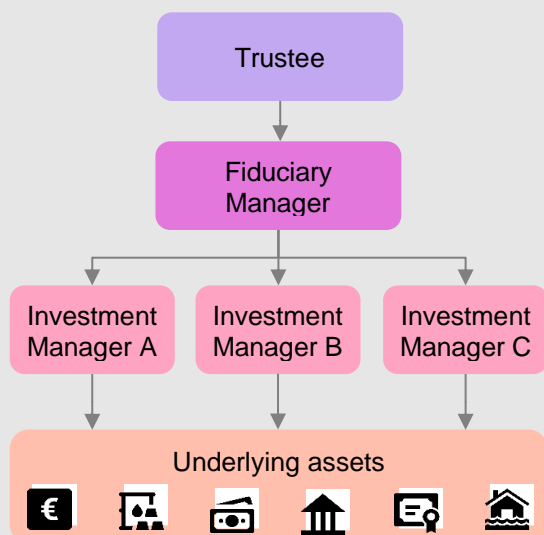
1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe the voting rights attached the Plan's assets have been exercised over the year.

What changes have we made to the SIP?

The Trustee have made the following changes to the SIP over the year:

- Incorporated the outcome of the review of the Plan's strategy, following the 2021 actuarial valuation results.
- Clarified approach on appointing and terminating investment managers
- Expanded policy in relation to stewardship including engagement and voting to address broad ESG considerations, including climate and human labour rights as areas of focus
- Clarified the approach on managing interest rate, inflation, custodial, and political risk

How are the Plan'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 Plan'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 Plan's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers using a pooled vehicle. 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 eg 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 has fully embedded the consideration of 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. The Fiduciary Manager has identified climate and human and labour rights as key areas of focus and the Trustee is supportive of these priorities.

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 are the Fiduciary Manager's policies?

Climate change and net zero pledge

The Fiduciary Manager believes Climate Change is a current priority when engaging with public policy, investment managers and corporates and the Trustee is supportive of this assessment.

The Fiduciary Manager has committed to targeting net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030, in the portfolios that it manages including the Plan's.

Public policy and corporate engagement

The Fiduciary Manager partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2023 include:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations or proactive equivalents and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 against management.
- Active participation in a range of global stewardship initiatives.

Industry collaboration initiatives

The Fiduciary Manager engages in several industry initiatives including:

- Signatory of the UK Stewardship Code
- Co-founder of the Net Zero Investment Consultants Initiative
- Member of Net Zero Asset Managers Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- Member of the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founder of the Investment Consultants Sustainability Working Group
- Founding member of The Diversity Project
- 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 2023 the Fiduciary manager conducted engagements with over 150 managers on sustainability and stewardship. In 2022 it also introduced engagement priorities on climate, modern slavery and engagement reporting for all our asset managers.

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

investment managers' ESG integration and stewardship capabilities on an annual basis. We have provided the Fiduciary Manager's ratings of the equity managers' ESG integration and stewardship capabilities in the later pages.

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

Emerging Market Debt manager

Environment – Climate issue

Issue: Anecdotally the fund is engaging robustly with certain issuers, but we have asked for regular and consistent engagement reporting to evidence this and ensure the engagement is not selective/ad-hoc

Outcome: Fiduciary Manager is trying to agree a template that is believed to provide sufficient evidence of ongoing actions and follow ups. This will be included in quarterly reporting packs for WTW.

Infrastructure manager

Environment – Climate issue

Issue: Infrastructure stocks typically screen highly for emissions. The manager's Core Infrastructure strategy is more than 50% invested in electric generation (integrated power and transmission and distribution) and energy infrastructure assets, which have significant amounts of carbon intensity. More than 80% of the carbon intensity of the Core strategy comes from the top 20 stocks, with majority from the electricity generation sector. We have engaged with the manager to understand how they assess climate and ESG risks particularly for these high-emitting stocks.

Outcome: This manager has produced an emissions abatement analysis to determine the baseline emissions of companies and understand their progress in meeting their net zero targets. Positively, the majority of the 20 high-emitting companies have made strong progress on their targets. Whilst one company reported higher emissions than the baseline due to higher utilization rates, it has implemented initiatives to reduce emissions overall.

The manager is continuously monitoring its constituents through the emissions abatement analysis and its "SAFE" transition methodology framework to ensure companies are making progress on their targets. The SAFE framework classifies each stock as 'Secure', 'Aligned', 'Transforming', and "Vulnerable". 'Transforming' and 'Vulnerable' companies are analysed further for stranding risk and are engaged with through a staged escalation process, where ultimately divestment would occur if companies do not deliver results within a reasonable timeframe.

We have asked the manager to include changes in company ratings from the SAFE framework to be included in annual reporting. We continuously monitor the evolution of the SAFE framework.

What are the voting statistics we provide?

The Plan 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 Plan'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 votes

The Plan 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 investment manager names.

The Trustee has also included the Fiduciary Managers assessment of the investment managers ESG integration and stewardship (including voting and engagement) capabilities.

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.

Manager A – Global Equities

Voting activity over the year



Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 18,826
Percentage of eligible to cast: 94%



■ For: (85.5%) ■ Against: (14.5%)

Significant vote

Company: Banco Santander SA

% Fund: 0.12%

Vote topic: Approve Remuneration Policy

Issue: Pay is misaligned with Equity Ownership Services Limited (EOS) remuneration principles

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? The manager has deemed significant votes as those that have quantitative substance and qualitative materiality

Next steps: Limited information provided

Significant vote

Company: Xiaomi Corporation

% Fund: 0.04%

Vote topic: Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights

Issue: Equity raises concerns about excessive dilution of existing shareholders

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? The manager has deemed significant votes as those that have quantitative substance and qualitative materiality

Next steps: Limited information provided

Voting policy: The manager has engaged with Hermes EOS for proxy voting services and EOS subscribes to ISS' voting research, which it uses as an input to its voting recommendations on behalf of clients, alongside research issued by other best-in-class providers.

The manager has its own conflict of interest policy, and they can confirm that the manager is not affected by any of the five potential conflicts. The conflict register has been reviewed and staff at the manager are required to confirm if they have any potential conflict of interests.

Manager B – Global Equities

Voting activity over the year



Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 15,098
Percentage of eligible to cast: 96%



■ For: (84.7%) ■ Against: (15.3%)

Significant vote

Company: Bank of China Limited

% Fund: 0.2%

Vote topic: Accept Financial Statements and Statutory Reports

Issue: Inadequate management of deforestation risks

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? The manager has deemed significant votes as those that have quantitative substance and qualitative materiality

Next steps: Limited information provided

Significant vote

Company: Industrial and Commercial Bank of China Limited

% Fund: 0.1%

Vote topic: Elect Director

Issue: Lack of independence on board and gender diversity on the board

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? The manager has deemed significant votes as those that have quantitative substance and qualitative materiality

Next steps: Limited information provided

Voting policy: The manager has deemed significant votes as those that have quantitative substance and qualitative materiality. Regarding substance, the top 10 significant votes for a period shall be defined by the ordering the total number of votes in the portfolio from largest number of votes actually cast to smallest. Regarding materiality, The manager will report those top ten whereby the votes cast were against management and contain a rationale. Notwithstanding the aforementioned, it is the ambition of the firm to provide transparency to investors. While the reporting of the significant votes will contain the information on the basis of substance and materiality in a manner that will be obvious to the investor(s), to the extent it is permitted in format, the manager shall also include reporting of all votes in the PLSA template.

Manager C – Global Equities

Voting activity over the year



Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 24,648
Percentage of eligible to cast: 96%



■ For: (85%) ■ Against: (15%)

Significant vote

Company: Industrial and Commercial Bank of China Limited

% Fund: 0.1%

Vote topic: Elect Director

Issue: Lack of independence on board and gender diversity on the board

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? The manager has deemed significant votes as those that have quantitative substance and qualitative materiality

Next steps: Limited information provided

Significant vote

Company: Bank of China Limited

% Fund: 0.1%

Vote topic: Accept Financial Statements and Statutory Reports

Issue: Inadequate management of deforestation risks

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? The manager has deemed significant votes as those that have quantitative substance and qualitative materiality

Next steps: Limited information provided

Voting policy: The manager has engaged with Hermes Equity Ownership Services Limited (EOS) for proxy voting services and EOS subscribes to ISS' voting research, which it uses as an input to its voting recommendations on behalf of clients, alongside research issued by other best-in-class providers.

The manager has its own conflict of interest policy, and they can confirm that the manager is not affected by any of the five potential conflicts. The conflict register has been reviewed and staff at the manager are required to confirm if they have any potential conflict of interests.

Manager D – Chinese Equities

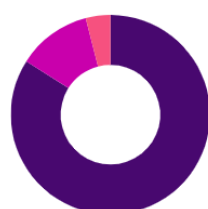
Voting activity over the year



Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 1,655
Percentage of eligible to cast: 100%



■ For: (84%) ■ Against: (12%) ■ Abstain: (4%)

Significant vote

Company: Will Semiconductor Co., Ltd. Shanghai

% Fund: 2.2%

Vote topic: Amend Rules and Procedures Regarding Meetings of Board of Supervisors

Issue: The company failed to disclose adequate information on the proposed bylaw amendments

Voting instruction: Against management resolution

Outcome: Limited information provided

Why a significant vote? Demonstrated the manager's case-by-case approach to amendment proposals

Next steps: Continue to review proposed bylaw amendments to ensure adequate disclosure of an appropriate rationale for such amendments

Significant vote

Company: Jointown Pharmaceutical Group Co., Ltd.

% Fund: 2.0%

Vote topic: Approve Provision of Guarantee

Issue: The level of guarantee to its subsidiaries is disproportionate to the level of ownership

Voting instruction: Against management resolution

Outcome: Limited information provided

Why a significant vote? Demonstrated the manager's approach to Provision of Guarantee proposals

Next steps: Continue to review cost of financing proposals as it relates to provision of guarantees to ensure fairness of terms for shareholders

Voting policy: The members of the Responsible Investing Team responsible for proxy voting apply the manager's Proxy Voting and Governance Policy. Votes of their significant holdings are consulted with covering investment analysts. All executed votes are also reviewed by their independent offshore-approval team.

Manager E - Listed Property

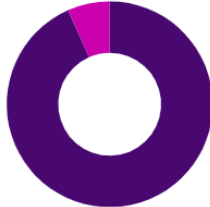
Voting activity over the year



Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 869
Percentage of eligible to cast: 97.6%



■ For: (93.4%) ■ Against: (6.6%)

Significant vote

Company: Simon Property Group, Inc.

% Fund: 1.6%

Vote topic: Advisory Vote to Ratify Named Executive Officers' Compensation

Issue: Compensation

Voting instruction: Against management resolution

Outcome: Limited information provided

Why a significant vote? In compliance with the UK Shareholder Rights Directive (SRD II), compensation proposals where AMX voted against the management's recommendation is considered as a significant vote

Next steps: Manager will contact the company to explain their voting rationale and conduct further engagement

Significant vote

Company: Activia Properties, Inc.

% Fund: 1.3%

Vote topic: Elect Executive Director Kashiwagi, Nobuhide

Issue: Director Election

Voting instruction: Against management resolution

Outcome: Limited information provided

Why a significant vote? In compliance with the UK SRD II, compensation proposals where AMX voted against the management's recommendation is considered as a significant vote

Next steps: Manager will contact the company to explain their voting rationale and conduct further engagement

Voting policy: The manager have discretionary proxy voting authority over most of the client accounts. They carefully votes these proxies in the manner that will protect and promote the long-term economic value of the client investments. The Stewardship team's activities are overseen by the ESG Committee who are responsible for reviewing the stewardship strategy, engagement priorities and proxy voting guidelines, and monitors the delivery of voting objectives. In addition, the ESG Committee provides oversight of the Stewardship team, reviews departures from the proxy voting guidelines, and reviews conflicts of interest involving proxy voting.

Manager F – Listed Infrastructure

Voting activity over the year



Fiduciary Manager's assessment

Voting activity over the year

Number of votes eligible to cast: 1,164
Percentage of eligible to cast: 100%



■ For: (85.1%) ■ Against: (14.9%)

Significant vote

Company: Transurban Group

% Fund: 2.9%

Vote topic: Elect Director

Issue: Concerns regarding Auditor tenure

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? The manager has deemed significant votes as those that have quantitative substance and qualitative materiality

Next steps: Limited information provided

Significant vote

Company: SNAM SpA

% Fund: 2.6%

Vote topic: Accept Financial Statements and Statutory Reports

Issue: Inadequate management of climate-related risks

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? The manager has deemed significant votes as those that have quantitative substance and qualitative materiality

Next steps: Limited information provided

Voting policy: The manager has engaged with Hermes Equity Ownership Services Limited (EOS) for proxy voting services and EOS subscribes to ISS' voting research, which it uses as an input to its voting recommendations on behalf of clients, alongside research issued by other best-in-class providers.

The manager has its own conflict of interest policy, and they can confirm that the manager is not affected by any of the five potential conflicts. The conflict register has been reviewed and staff at The manager are required to confirm if they have any potential conflict of interests.