STAYING ON TRACK FOR A SUSTAINABLE FUTURE

Railpen's Sustainable Ownership Review 2021 –
for members of the railways pension schemes

RAILPEN

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WELCOME FROM CHRISTINE KERNOGHAN AND JOHN CHILMAN

We are delighted to present the 2021 Sustainable Ownership Review.

Sustainable Ownership is our approach to incorporating sustainability issues, like climate change or executive pay, into the investments Railpen manages on your behalf. This report gives you a flavour of what we have been doing on Sustainable Ownership.

You, and your employer, both pay contributions while you're an active member of the railways pension schemes. These contributions are then invested in different ways, including in companies and brands you care about. We do this to achieve the investment returns needed to give you an income in retirement. You can find out lots more about your pension and how it works at railwayspensions.co.uk.

We believe in investing these contributions in companies that are well-run, and that seek to address all the risks and opportunities related to how their business works. These risks and opportunities include environmental, social and governance (ESG) issues. These could be things like climate change, such as the impact of extreme weather events on food production, or a company's approach to the health and safety of its workers.

We think investing like this is the best way to protect and increase the value of your savings, giving you a good retirement outcome. Even before you receive your pension, the way we invest and manage contributions plays a major part in supporting a more sustainable future for all of us.

Buying stakes in a company gives us rights. But we believe it also gives us responsibilities. This report helps you understand:

- Why we think about ESG issues in our investment decisions and activities;
- How we act to improve company behaviour on these issues; and
- The impact we have had on your behalf.

Our work on Sustainable Ownership was recognised in 2021 through winning the Investment & Pensions Europe Award for best ESG approach – an achievement we're very proud of.

IPE AWARDS 2021 WINNER ESG

This report gives you an insight into ESG issues and what we did on your behalf in 2021. If you want to discover more, you can find links to other Sustainable Ownership documents, such as our detailed plan to achieve net zero greenhouse gas emissions, on page 13. We've tried to make this report as easy to understand as possible, but there may be some unfamiliar words or terms, so we've explained these in the glossary on page 15.

We hope you enjoy reading this year's review.

Christine Kernoghan
Chair of the Trustee Board

John Chilman
Chief Executive, Railpen

We've focused on what matters to you

We asked you, as members of the railways pension schemes, what you thought of our Sustainable Ownership priorities. We also invited you to let us know how you'd like us to communicate with you.

You told us that your top three areas of concern were:

- Fair treatment of workers
- Climate change
- Fair pay

You also said that governance – that is, how well a company is managed – was really important to you.

When it came to our communications, you said that you:

- liked our reports, when you saw them;
- wanted us to use real examples of our work, so you could better understand what we've been doing on your behalf;
- wanted more information that explains the numbers and outcomes we talk about; and
- would like to hear about our work more often.

We've listened to what you said. We've made sure this year's report includes what you wanted to see. And we'll soon be telling you more about what we're doing on a more regular basis, so keep an eye out for this in your usual Scheme communications.

We want to hear from you

We were pleased to hear you liked last year's report. We hope that the changes we've made to this year's report have made it even better. But why not tell us what you think? Let us know your thoughts on the issues covered here and how we've covered them at SO@railpen.com.

2021 IN NUMBERS

10%
Reduction in the greenhouse gas emissions of our investments, compared to previous year

8
Number of companies excluded from our portfolio on governance conduct grounds

$1 trillion
Amount of global pension fund assets backing Railpen's 'one share, one vote' campaign for better ways to influence

1,678
Company meetings voted at

59%
Proportion of Annual General Meetings where we voted against or refused to support company management, or abstained on at least one resolution*

99.06%
Proportion of meetings where we were able to vote and where we cast votes

41
Companies we are speaking to as part of our Net Zero Engagement Plan

10
Number of additional companies identified for intensive engagement on governance and conduct issues

96/100
Our score in the Responsible Asset Allocator Index

* *We were most likely to vote against company management on issues including executive remuneration and the quality and make-up of the board of directors*

YOUR PENSION SCHEME AND YOU

There are four railways pension schemes:

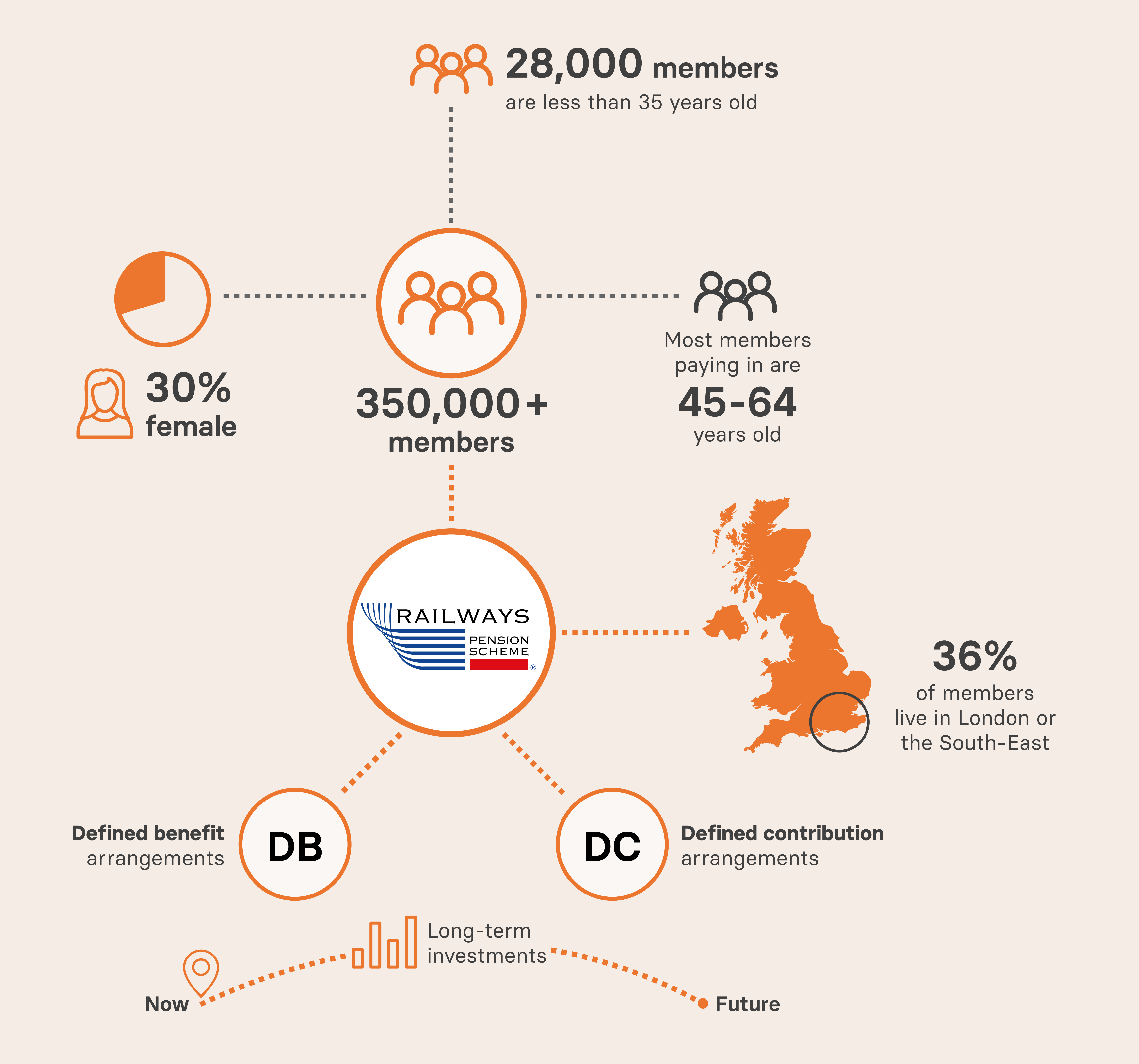
- BR (1974) Fund
- British Transport Police Force Superannuation Fund
- British Railways Superannuation Fund
- Railways Pension Scheme

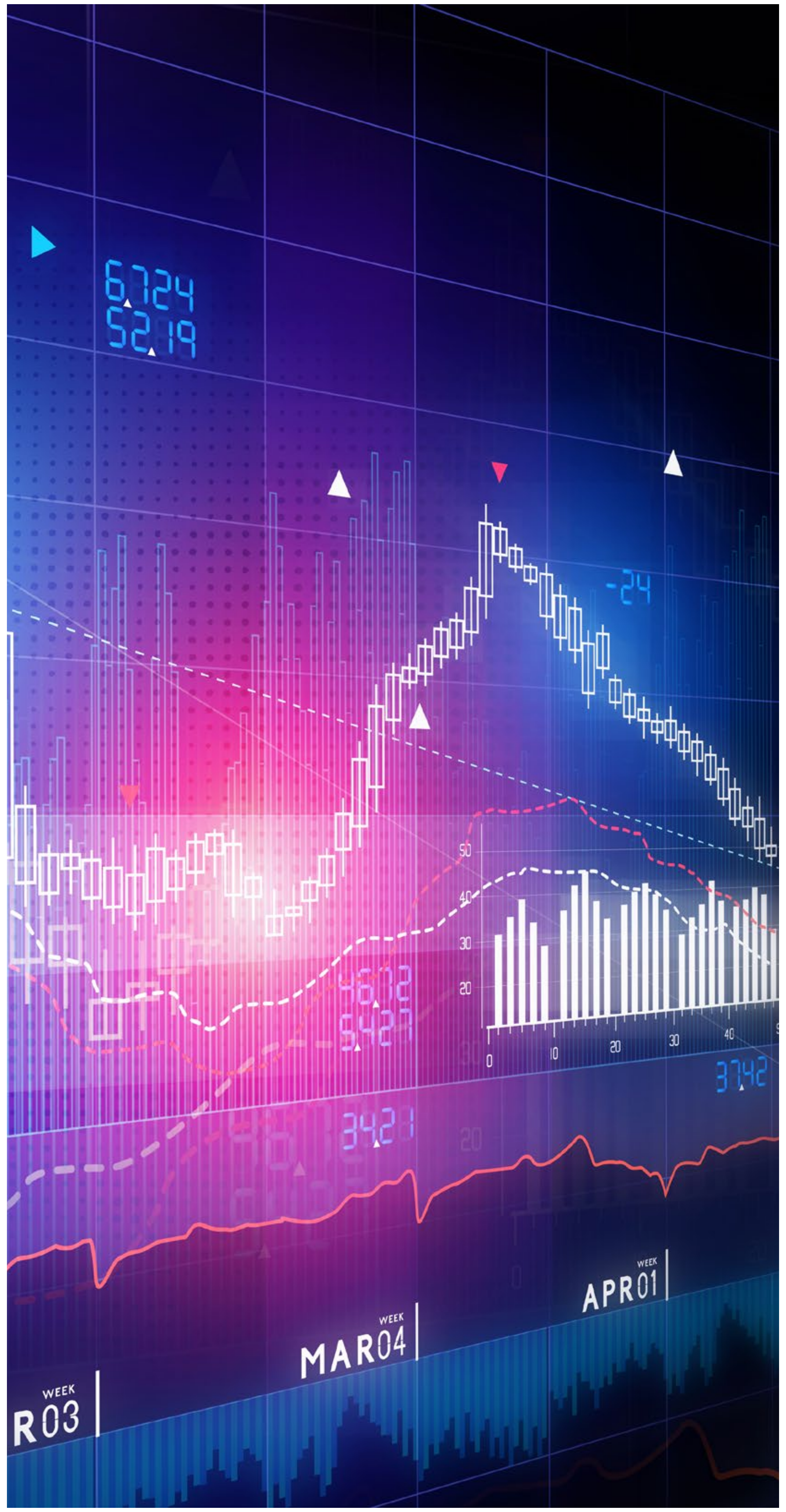
There are over 350,000 members in the railways pension schemes. On average, 30% of all scheme members are female, with 36% of the membership living in London or the South-East. Members who are still paying into the schemes are most likely to be aged between 45 and 64, but we also have about 28,000 active members who are 34 or younger. We offer both Defined Benefit (DB) and Defined Contribution (DC) arrangements for members. With so many new and young members joining our schemes every day, we need to invest with long-term interests in mind.

The Railways Pension Scheme (RPS) is the largest of the four. It provides the pensions for over 150 companies operating within the privatised railways industry.

The railways pension schemes are managed by the Railways Pension Trustee Company Ltd, known as the Trustee, which always acts in members' interests. There are 16 Trustee directors. Eight are nominated by employers and eight by members. The Trustee is responsible for deciding how the schemes' assets will be invested, and ensuring there is enough money in the schemes to pay members' pensions.

Although the Trustee is responsible for making strategic investment decisions, it gives responsibility for the management of £35.6 billion of scheme assets to Railpen (Railway Pension Investments Limited) while retaining oversight of its activities. The Trustee is Railpen's only investment management client, and Railpen is wholly-owned by the Trustee, which means all our activities are designed to secure our members' futures and not to generate profits for the company.





WHY DO WE INVEST YOUR MONEY SUSTAINABLY?

The Trustee's mission is to pay members' benefits securely, affordably and sustainably. Railpen helps achieve this by investing in companies to protect and grow the value of members' assets.

We believe that well-run companies treat their suppliers, customers and workers fairly. Great companies can adapt their business models to deal with major threats or issues, such as the COVID-19 pandemic, climate change or an ageing population. We believe these companies will be most likely to do well in the long-term.

To make investment returns, we need to take some risks. We believe we get better risk-adjusted returns on our investments when these companies succeed. 'Sustainable Ownership' is our name for the way we think about, and act on, environmental, social and governance (ESG)[1] issues in our investment decisions. Through Railpen, we are one of the few UK pension schemes to have a specialist in-house team dedicated to 'doing' Sustainable Ownership on your behalf.

The Sustainable Ownership team follows the Trustee's beliefs, principles and objectives for investments. We apply Sustainable Ownership principles to all our investments, whether in companies listed on a stock exchange (called 'listed equities'), infrastructure assets (like energy or telecoms), or private debt (lending money to companies that aren't listed on a stock exchange).

UK STEWARDSHIP CODE

European Pensions AWARDS 2022
WINNER
European Pension Fund of the Year

The key to success as a long-term investor is the ability to invest in companies best placed to succeed over the long-term and these tend to be the ones that engage responsibly with environmental, social and governance issues.

My role as the Trustee Board liaison on Sustainable Ownership recognises the importance of Railpen's work on ESG issues to good member outcomes.

Together, the Trustee and the Railpen team work hard to deliver the returns you as members need, while positively contributing to the world you retire into.

Peter Holden,
Trustee Director

[1] *You might read about 'ESG' or 'ESG investment' a lot in the personal finance pages of most newspapers. We provide a glossary at the back to explain this and other frequently used terms.*

Our Top 10 Holdings in 2021

Our largest, internally managed investments for 2021 were in the following companies:

Company	Country	Sector	£m (31 December 2021)
Thermo Fisher Scientific	US	Health Care	275.7
Microsoft Corp	US	Technology	272.3
Accenture PLC	Ireland	Professional services	265.5
Danaher Corp	US	Health Care	246.2
Roche Holding AG	Switzerland	Health Care	232.7
Visa Inc	US	Industrials	227.5
Nestle SA	Switzerland	Consumer	209.9
Alphabet Inc	US	Technology	204.0
IP Group PLC	UK	Financials	201.0
Texas Instruments Inc	US	Technology	201.0

Our priority ESG issues

We talk to companies about the ESG topics that are specific to them, but we also focus on major ESG issues that affect either all or many of the companies we invest in. We call these ESG 'themes', and examples include climate change, COVID-19, or cybersecurity. Our priority ESG themes for the next few years are below.

Climate Transition

- Achieving net zero by cutting greenhouse gas emissions to as near as zero as possible, and working to absorb remaining emissions from the atmosphere too
- Protecting the huge variety of wildlife on Earth (biodiversity)

Worth of the Workforce

- Ensuring workers get treated fairly by employers
- Paying workers a fair wage
- Eliminating modern slavery from companies' operations

Responsible Technology

- Ensuring unfair bias is eliminated when using Artificial Intelligence (AI)
- Preventing cyber-attacks and breaches of companies' digital security

Sustainable Financial Markets

- Supporting company structures which allow investors' voices to be heard
- Enabling high-quality company reporting which gives an accurate picture of a company's financial health

WHAT WE DID ON YOUR BEHALF IN 2021

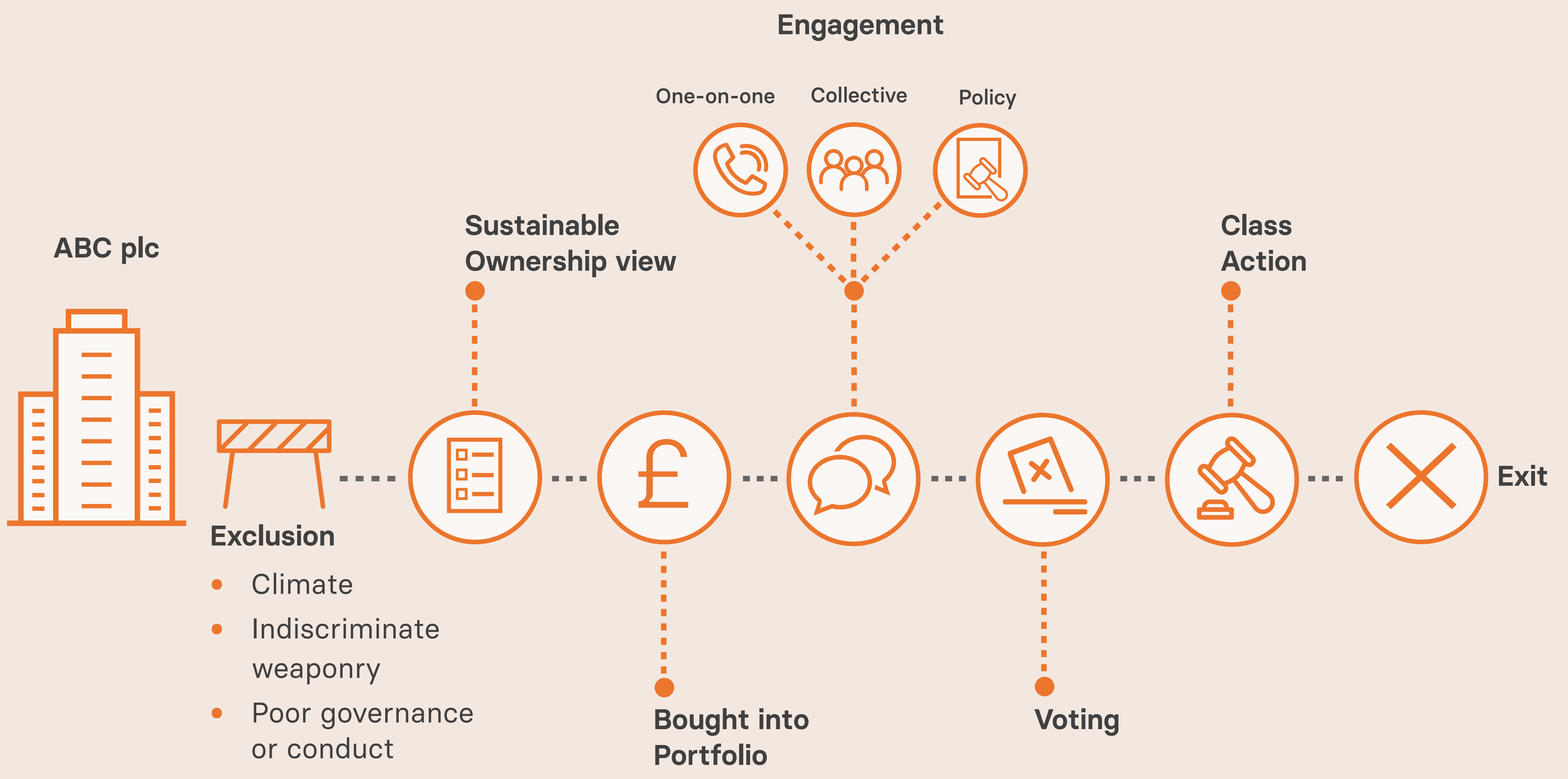
We use every tool at our disposal to encourage companies to act responsibly and address the impact of governance and sustainability issues, not only on their business operations, but also on the world our members retire into.

We do this in a number of ways:

- We speak to companies privately, either individually or together with other investors. Investors call this 'engagement'.
- We make our concerns public. We can do this, for example, by using our vote at company Annual General Meetings (AGMs), to publicly express either support for, or disagreement with, a company's senior management or board.
- We discuss our views with politicians, government officials and regulators. We do this to understand how laws and regulations might be changed to support companies and individuals to make sustainable choices.
- We remove companies from our portfolio, if we've already invested in them. We might do this if we feel that their behaviour is not improving as quickly as we'd like. Or, we might think the level of environmental, social or governance risk posed to the portfolio is too big to manage. This is known as 'divestment' or 'disinvestment'. We can also refuse to invest in the first place. This is known as 'exclusion'.

In the rest of this section, you'll find some case studies on the issues that we know matter most to you. Further details and more case studies can be found in our 2021 Stewardship Report.

The life cycle of an investment at Railpen



Fair treatment of workers

You said fair treatment of workers was one of your top ESG concerns in our 2021 member survey. We believe that how well companies treat their employees is a critical to their long-term success.

Railpen has long worked with companies to understand how they look after their employees and make sure they are motivated, skilled and happy.

Case study 1 - Our policy work on workforce disclosure

The issue

The global pandemic put workforce treatment in the spotlight. This highlighted a big difference in the quality of information that companies give investors, like Railpen, about how they look after their workforce. This is why our focus in 2021 and 2022 has been to improve how this information is shared on issues like health and safety, diversity and employee turnover. We've done this so that investors, and others, can properly hold companies to account.

What we did

When we're trying to achieve change on the same issue at lots of similar companies, we often try to influence the politicians and officials who set the rules for how companies and investors operate.

On workforce disclosure, we worked to do this in a few ways over the last year:

- Together with major investor and company bodies, we assessed the quality of the largest UK companies' discussions of workforce issues and published recommendations for policymakers to help improve the quality of information companies provide.
- We spoke to UK policymakers about how we work with the companies we invest in on workforce treatment and disclosure. We also shared our thoughts on how other investors could be supported to do likewise.
- We spoke to 10 of our largest portfolio companies, and surveyed several others, about how they measure progress on workforce treatment too.

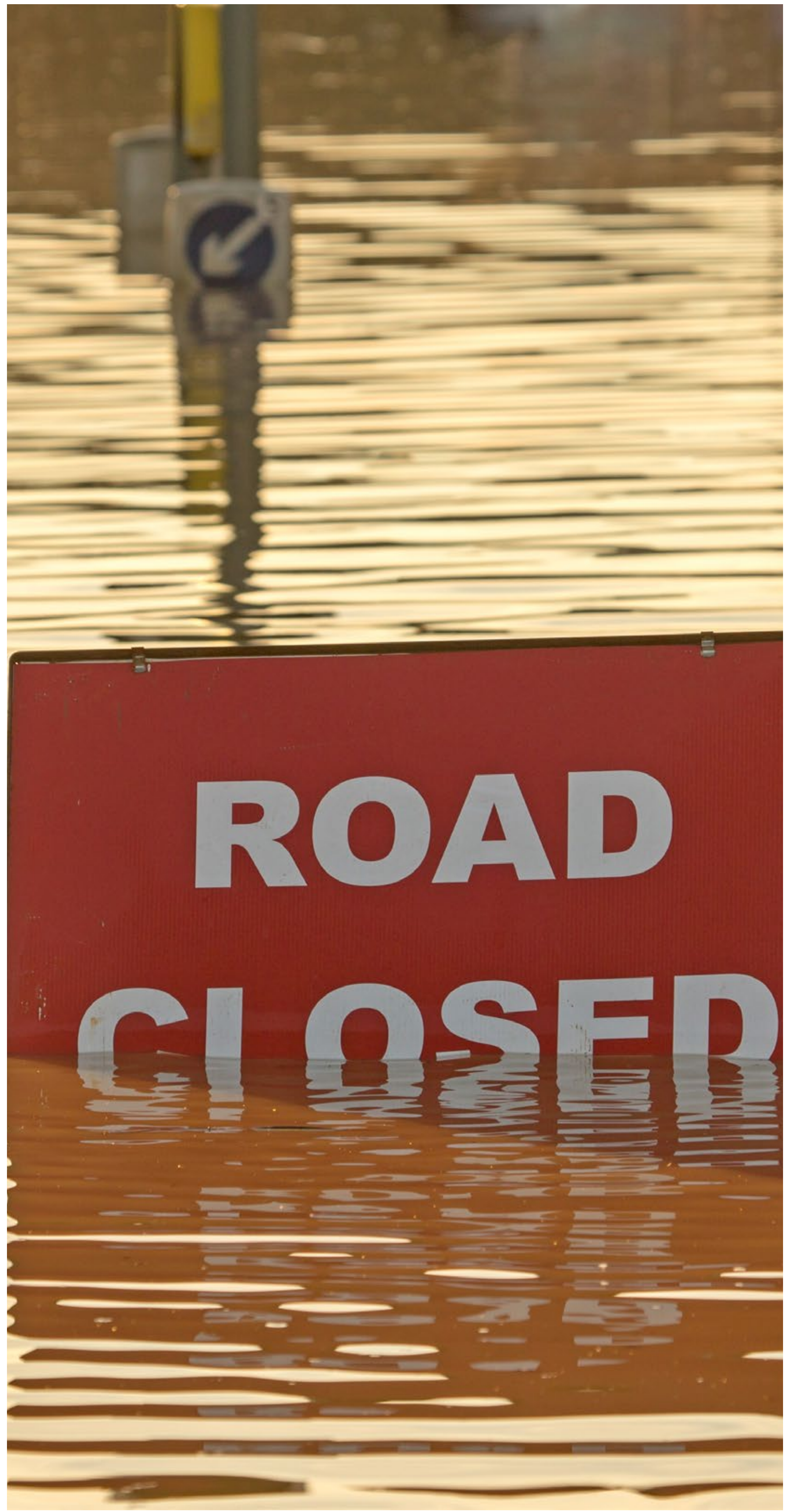
What has changed as a result

We have achieved some progress so far. For instance, some of the companies we engaged with have already made definite improvements to their workforce disclosure and practice, in line with what we had asked for.

We also welcomed some of the changes made to guidance for pension schemes. In line with our requests and those of others, these will make it easier for pension trustees to challenge their asset managers on social issues, such as workforce treatment.

To help companies understand what 'good' looks like, we will be publishing best practice examples later in 2022. This will help us demonstrate what we would like companies to talk about, when they talk about their workforces.

Although we have not yet achieved the changes to the policy and legislation governing UK workforce disclosure that would be ideal, we recognise that such change takes time.



Climate change

The effects of climate change, such as rising sea levels, ocean acidification, extreme weather and droughts, are already having an impact on people's lives and livelihoods around the world. Experts recommend limiting global temperature rises to 1.5 degrees above pre-industrial levels, to avoid the worst impacts. It is a priority for us to work towards a 1.5-degree world[2].

Where possible we prefer to remain invested in companies, retaining our stake so we have a voice to improve company behaviour. In some cases, however, we think that climate-related business risks are so extreme that we choose not to invest at all: the railways pension schemes were some of the UK's first pension schemes to divest from companies on climate grounds[3].

[2] *'Pre-industrial' is generally defined as the average global temperature before the start of the Industrial Revolution in the 1700s.*

[3] *Further information can be found in the Railways Pension Scheme's 2021 Taskforce on Climate-related Financial Disclosure (TCFD) report.*

Case study 2 - Climate Engagement with Ryanair

The issue

The aviation industry is a significant contributor to global greenhouse gas emissions. So it is very important for investors to engage with companies in this sector to support a shift to net zero and more rapid decarbonisation.

We can assess the exposure to climate risks for any company in our portfolio, and how well it is managing these risks. Although Ryanair has lower emissions than many other airlines, our analysis revealed that further progress was needed on the targets it had set itself for decarbonisation and its longer-term climate change mitigation strategy.

What we did

EU requirements regarding the EU- vs. non-EU ownership of airlines mean that, in the wake of Brexit, UK investors like Railpen lost their voting rights in Ryanair. Voting is an important influencing tool, as it is a public expression of either support for, or disapproval of, a company's behaviour. In the absence of voting rights, we intensified our work to hold meetings with Ryanair instead.

What has changed as a result

We discussed our concerns with senior Ryanair executives over a few meetings and are currently positive about their commitment to achieve further, measurable progress towards Ryanair's net zero goal. We will be holding regular discussions to help us assess the rate of this progress.

We will also work with other investors, through organisations such as the Workforce Disclosure Initiative (WDI) and Climate Action 100+, to discuss climate with Ryanair and how it will ensure it achieves a 'Just Transition'. This means its work to tackle climate change does not unfairly impact its employees, local communities or others.

RYANAIR

Fair pay

How, and how much, a company's senior management is paid can be a powerful force in shaping both their behaviour and the decisions they make. We believe that company executives should be paid in a way that matches their interests with those of their stakeholders. 'Stakeholders' includes shareholders like the Trustee and Railpen, but also employees, customers and suppliers.

We also think that paying the workforce fairly is vital if workers are to continue to be motivated and engaged in their jobs. We raise our concerns privately and publicly, if we see big pay gaps across characteristics such as gender. We'll also do this if senior management's bonus packages and salaries have been protected from poor performance in a way those of the rest of their employees' have not[4].

Case study 3 - Rio Tinto and executive pay

The issue

Rio Tinto is a mining operator, held in one of our externally-managed passive equity funds. The company destroyed two ancient Aboriginal cultural heritage sites at Juukan Gorge in 2020. Its internal review found that the Chief Executive Officer (CEO) was one of three executives ultimately responsible for failures to properly oversee these risks.

The Rio Tinto Board reduced some of the CEO's pay in response. However, we noted that some parts of the CEO's compensation package were actually much higher in 2021 than in 2020. In 2021 the figure was £5.73 million, compared to £2.8 million in 2020. We were disappointed that the Board had not decided to reduce the CEO's pay further in light of the disaster at Juukan Gorge.

What we did

A vote against the election, or re-election, of a Board Director is particularly 'felt' by, and embarrassing to, a company. We do this when we are particularly disappointed with a company's behaviour on an important issue.

We voted against the company on how they decided to pay their senior executives, known as 'executive remuneration', at their Annual General Meeting in 2021. In particular, we voted against or abstained on the election of Board directors we thought were most responsible for the remuneration decisions and the incidents at Juukan Gorge. These were the Chair of the Remuneration Committee and the Chair of the Sustainability Committee respectively.

We also joined a collective investor initiative asking more than 70 mining companies, including Rio Tinto, to review their policies and processes when it comes to their relationships with indigenous peoples.

What has changed as a result

Over 60% of votes cast were against the remuneration package. However, only 4.9% of shareholders voted against the Chair of the Remuneration Committee and 26.5% voted against the Sustainability Committee Chair.

As a result of the vote, Rio Tinto announced that it would apply new ESG metrics, including on 'heritage management', to executive pay packages. This means that if an executive performs poorly on communicating with indigenous peoples and protecting their heritage, they will be financially penalised as a result.

[4] *We chose to warn companies of our expectations on fair treatment of workers during COVID-19, including how they are paid, in our 2021/22 public Global Voting Policy update. We report more on our activity on COVID-19 in our 2021 Stewardship Report.*

The importance of companies being well-run

The term 'corporate governance' is part of the 'G' in ESG. It may sound boring, but it is really important, because this is what we do to ensure that the companies we invest in are well-run. We want a firm's senior executives to be:

- expert, diverse and honest;
- listening to their long-term investors; and
- supported in making good decisions through having the right systems and processes.

We talk about corporate governance a lot at Railpen. Whether a company is well-run is one of the most important factors in whether it performs well, and acts to counteract environmental and social issues. When we held focus groups with some of our pension scheme members, they told us this was one of the areas that mattered most to them.

Case study 4 - Equal voting rights

The issue

Being able to vote for, or against, a company at its Annual General Meeting (AGM) helps us influence a company's behaviour. But it's harder for investors to do this when a company's founders or senior executives hold most of the voting power. This means there are unequal voting rights. Evidence suggests that where investors cannot influence senior management through their votes, these companies tend to perform less well over the medium- to long-term. As a long-term investor, this really matters to Railpen.

Company founders like to control their companies, and many companies have recently listed on the public markets with unequal voting rights.

What we did

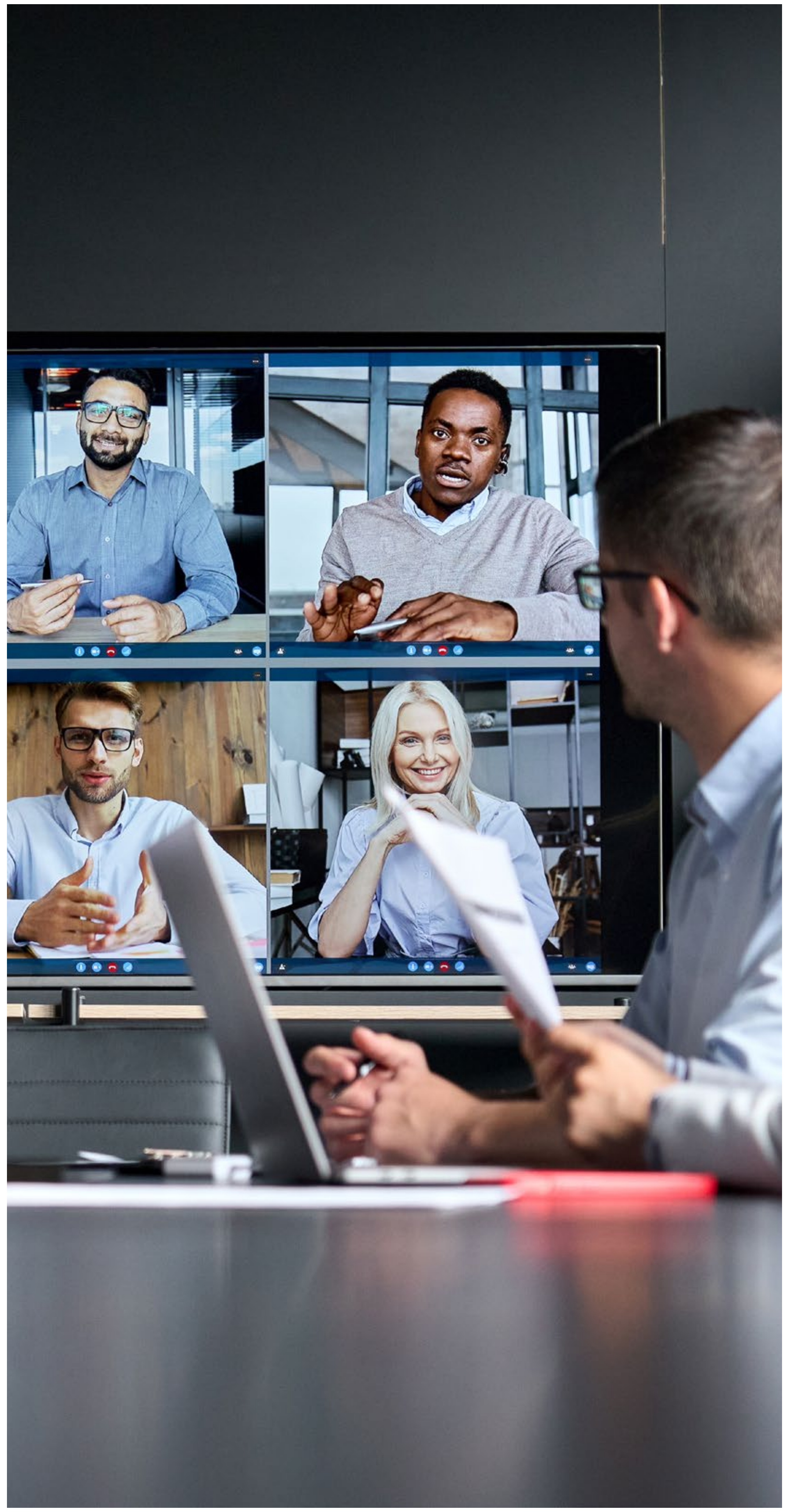
Policymakers have the power to help, or hinder, company executives to create unequal voting rights. So Railpen submitted views to both US and UK policymakers asking for unequal voting rights to be restricted. We gave evidence that showed why this would be better for financial performance.

We also updated our Voting Policy for 2022 to highlight our support for equal voting rights. We let the companies we invest in know that we would be pushing harder on equal voting rights through our voting, our engagement and our public policy work.

What has changed as a result

We have been partially successful with our policy engagements so far. Our suggestions for investor safeguards were taken forward by the UK government, but existing restrictions on unequal voting rights were also removed.

We decided that we needed an alternative approach. Railpen created and will chair the Investor Coalition for Equal Votes (ICEV) from 2022 onwards. We will be working with a leading US investor body and US pension funds with over $1 trillion assets under management to make the case for equal voting rights more forcefully with companies and policymakers.



OUR PLANS FOR THE NEXT 12 MONTHS

Railpen has been successful in its work on Sustainable Ownership, including award wins in 2021. But we are always trying to do better and work harder on your behalf. This section gives you a peek at some of the things we are working on over the coming year to help achieve our purpose of securing our members' futures.

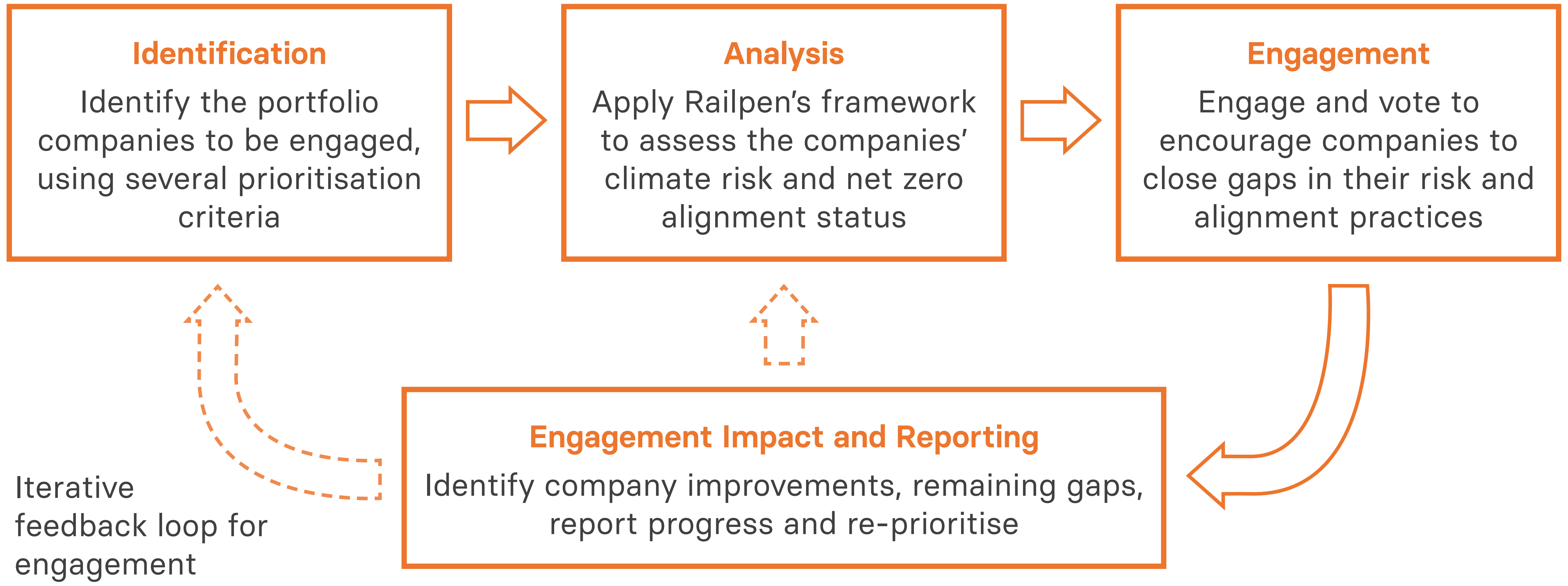
We will focus on our plan to become net zero by 2050

Railpen has publicly committed to managing its investment portfolio to achieve net zero greenhouse gas emissions (GHG) by 2050, or sooner.

We'll be influencing the companies we invest in that are the highest GHG emitters to reduce their emissions. Successfully influencing companies on climate change would have real life impact on the world around us. But, we might sell our holdings if we don't think progress is being made quickly enough.

We have a Net Zero Engagement Plan and will be engaging intensively with the highest emitters we invest in.

This graphic shows our plan for speaking to companies about climate change.



We will take a lead on Sustainable Ownership issues

We benefit from managing a group of large UK pension schemes, with an internal team that directly controls a lot of the investments made on your behalf. We want to make the most of this. We believe that our size means we have a responsibility to take the lead on Sustainable Ownership initiatives, activities or policies. This benefits the members of the railways pension schemes, but also members of other UK schemes.

Case study 4 mentioned Railpen's role in leading the Investor Coalition on Equal Votes (ICEV). In 2022 and 2023, we are also setting up and leading an initiative that will help companies' senior executives listen to workers' views. We think that this will have a genuinely positive impact on the decisions executives make.

And, while voting is an important ownership right, it is not the only one. Owning shares in companies gives us, for instance, the right to ask a question at an AGM. This is a good way of making sure a company Chair, and other senior directors, engage directly with an investor. We are one of the few UK schemes to ask AGM questions and we will be doing this more frequently at companies where we need a public commitment on an important ESG issue. You can find details of all the questions we ask on our website.

[5] *Further details of how and when we speak to these different bodies can be found in our 2021 Stewardship Report.*

We will keep talking to you, our scheme members

We have several ways that help us understand members' views on Sustainable Ownership issues. We speak to the Trustee, as well as to representatives on Pensions and Management Committees and our Sustainable Ownership Client Forum[5].

In 2021, we also spoke to members directly through an online survey and some face-to-face focus groups. We will be carrying out the survey again in late 2022 to understand your views on the issues that matter most, how you want us to talk to you about them, and whether your feelings have changed in the last 12 months. We'll let you know how you can get involved via your member website.

GLOSSARY

- **Abstain.** When we vote at a company Annual General Meeting, we can vote 'in favour', 'against' or we can 'abstain'. Where we fully support a company, we will vote in favour. Where we disapprove of a company's behaviour, we will vote against. Where we do not feel fully supportive or comfortable with a company's behaviour, but also feel that voting 'against' is too strong at this stage, we will 'abstain'. This means we're voting neither for nor against. This approach leaves us with opportunities to go further the future. *Please also see* '*Annual General Meeting*' and '*Voting*'.
- **Active (management).** An active manager chooses investments to either buy or sell, based on the objectives they are trying to achieve. There is usually a strong 'human element' involved. Either one person, or a team, will decide on individual investments. The same people might also create a broader approach that can be applied more generally to investment decisions. *Please also see 'Passive (management)'*.
- **Advocacy (or public policy).** Activities undertaken to influence policymakers and regulators. This includes meetings, roundtables, responding to government requests for evidence, either individually or through a membership body.
- **Annual General Meeting (AGM).** A meeting held once a year by a company with its shareholders, where important information is discussed and where shareholders are invited to vote on issues like how much directors should be paid, or whether the directors should be (re-) elected. Most listed or public companies must hold an AGM. *Please also see 'Abstain' and 'Voting'.*
- **Decarbonisation.** An organisation's approach to reducing its production of *greenhouse gas emissions*.
- **Defined Benefit (DB).** A pension scheme where the amount of pension you're paid is based on how many years you've worked for your employer and the salary you've earned.
- **Defined Contribution (DC).** A pension scheme where you build up a pot of money that you can use to provide an income in retirement. The income you get depends on factors such as the amount you pay in and for how long, the fund's investment performance and the choices you make at retirement.
- **Divestment (or disinvestment).** The process of an investor selling all a company's debt or equity instruments, if already invested.

- **Debt (or credit).** If an investor buys a debt instrument, they loan capital to a firm. This entitles them to interest from the debtor company over a fixed term until the loan is repaid. Debt can be **listed** i.e. bought and sold on an exchange or **private** (private debt) i.e. it is a loan to a private company that is not listed on an exchange.
- **Engagement.** Communicating with a person or organisation with the aim of raising an issue or achieving change.
- **Equity (share).** Buying a share (or equity instrument) gives the owner (shareholder) an ownership right/stake in the firm in return. The owner has the right to vote and a claim on future profits, for example through dividends. An equity instrument can be **listed** (or public) i.e. bought and sold on a stock exchange or **private** (private equity) i.e. it is a stake in a private company that is not listed on an exchange.
- **ESG.** The collective term for referring to 'environmental, social and governance' issues. Some examples are given below:

  Environmental
  - Climate risk
  - Carbon emissions
  - Energy usage
  - Raw material sourcing
  - Supply chain management
  - Waste and recycling
  - Water management

  Social
  - Community relations
  - Employee relations
  - Health and safety
  - Human rights
  - Product responsibility
  - Workforce diversity

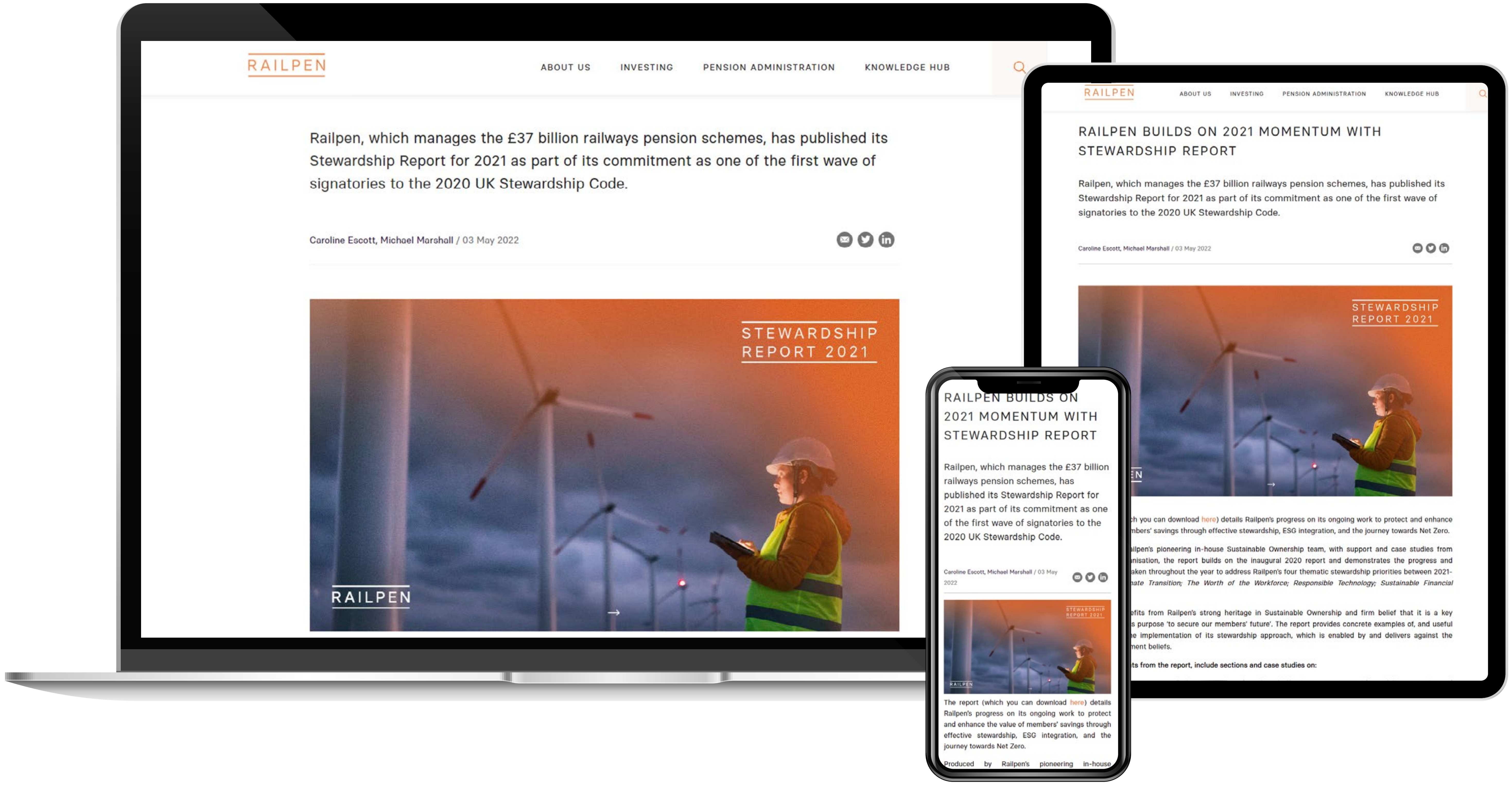
  Governance
  - Board structure
  - Executive remuneration
  - Bribery and corruption
  - Separate Chair and CEO roles
  - Shareholder rights
  - Vision and business strategy
  - Voting procedures
- **ESG Integration.** Incorporating of *environmental, social and governance (ESG)* considerations into investment decisions regarding, and analysis of, the companies we invest in.
- **Exclusion.** Not allowing the purchase of any of a company's debt or equity instrument and its inclusion in an investment portfolio.
- **Greenhouse gas emissions (GHGs).** A greenhouse gas is a gas that, when in the Earth's atmosphere, traps heat. Examples of these gases include carbon dioxide (CO2) and methane (CH4). The more of these gases that are produced, the more heat gets trapped within the Earth's atmosphere, leading to global warming.
- **Infrastructure.** The essential physical systems that support companies or individuals, regions or countries (economies). Examples include: communication networks; transportation systems such as roads and rail; water and sewage systems; and electricity plants.
- **Just Transition.** An approach to tackling climate change which is fair and inclusive, and which does not unfairly impact workers or local communities.
- **Passive (management).** An investment management style which very closely follows a market index which is an externally chosen pool of assets. Examples of a market index include the 'FTSE 100' which is a collection of the largest and most valuable UK companies. *Please also see 'Active (management)'.*
- **Portfolio.** A collection of financial investments, which could include equities, credit or infrastructure or other investments.Examples of a market index include the "FTSE 100" which is a collection of the largest and most valuable UK companie
- **Net zero.** Cutting greenhouse gas emissions to be as close to zero as possible and doing things that absorb carbon dioxide from the atmosphere too. Please also see 'Greenhouse gas emissions'.
- **Risk-adjusted returns.** A measure that takes into account how much risk is taken to achieve a particular return.
- **Shareholder.** The owner of shares (equities) in a company.
- **Signatory (signatories).** An organisation that has signed up or committed to an initiative.
- **Stewardship.** Monitoring, understanding and looking to influence the behaviour of the companies we invest in. Stewardship involves using tools such as engagement, voting and advocacy as ways to shape corporate behaviour.
- **Voting (a vote).** Being a shareholder in a company (usually) gives us the opportunity to vote on company matters at meetings such as an Annual General Meeting (AGM). The issues we can vote on include executive pay, the election of board directors, a climate change plan, and the financial report and accounts. *Please also see 'Abstain' and 'Annual General Meeting'.*

HERE'S WHERE YOU CAN DISCOVER MORE ABOUT SUSTAINABLE OWNERSHIP

You can find further details of Railpen's work on Sustainable Ownership here:

- 2021 Stewardship Report. A detailed look at our stewardship activities over 2021.
- Net Zero Plan. Our roadmap to achieving net zero greenhouse gas emissions by 2050 or sooner.
- Global Voting Policy 2022/23. Our approach to voting on key governance and sustainability issues for the 2022/23 voting season. This is updated each year.
- Active Ownership webpage. Includes links to our UK voting records, questions we have asked at company AGMs, our policy responses and much more.

You can also find many of these reports and more information about Sustainable Ownership on your member website at railwayspensions.co.uk or btppensions.co.uk.



We hope this has helped you understand a little more about who we are and what we do, but we welcome questions or thoughts.

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