

### IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE REPORT)

#### 1. Introduction

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering the Merchant Navy Ratings Pension Fund (the 'Fund') in relation to the Fund's Statement of Investment Principles (the "SIP").

The SIP was last reviewed in March 2025 to reflect the appointment of Schroders as Fiduciary Manager to the Fund and the corresponding operational transition. The revised SIP includes the introduction of specific portfolio building blocks (such as Structured Equity and Contractual Assets), a clarified investment return objective of gilts +2.1% per annum, and enhanced ESG and stewardship policies aligned with Schroders' engagement priorities. The Trustee will update the SIP by October 2027, in line with the required three-year review cycle, or sooner if there is a material change in investment policy or Fund circumstances. This SIP came into force from March 2025.

A copy of the current SIP signed and dated March 2025 can be found here: [MNRPF-Statement-of-Investment-Principles-May-2025.pdf](#)

This Implementation Statement covers the period from 1 April 2024 to 31 March 2025 (the "Fund Year"). It sets out:

- How the Trustee's policies on stewardship have been followed over the Fund Year; and
- The voting by or on behalf of the Trustee during the Fund Year, including the most significant votes cast and any use of a proxy voter during the Fund Year

The latest guidance ("the **Guidance**") from the Department for Work and Pensions ('**DWP**') aims to encourage the Trustee of the Fund to properly exercise its stewardship policy including both voting and engagement which is documented in the Fund's SIP. With the help of the Fund's Fiduciary Manager, to whom the Trustee delegated the implementation of its Stewardship policy, this Implementation Statement has been prepared to provide the details on how the Trustee has complied with the DWP's statutory guidance.

The Trustee uses the Fiduciary Management service of Schroders IS Limited as its Investment Manager and Adviser (referred to as the '**Fiduciary Manager**' in the Implementation Statement). The Fiduciary Manager can appoint other investment managers (referred to as '**Underlying Investment Managers**') to manage part of the Fund's assets, and investments with these managers are generally made via pooled funds, where the Fund's investments are pooled with those of other investors.

A copy of this Implementation Statement is available on the following website: [Reports - MNRPF](#)

## 2. How the Trustee's policies on stewardship have been followed over the Fund Year

As described in the SIP, the Trustee's approach to stewardship is to delegate the voting and engagement activities to the Fiduciary Manager. The Trustee takes responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee's priorities and objectives. A copy of the Fund's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustee's investment (including stewardship) policies when providing Fiduciary Management services.

For the majority of the Fund Year, the Trustee's stewardship activities were implemented under the investment management of Willis Towers Watson ("WTW"). The Trustee's approach during this period was consistent with the principles set out in the SIP, with WTW responsible for the day-to-day integration of ESG considerations, voting, and engagement. WTW was expected to address broad ESG considerations, with climate change, biodiversity, and diversity, equity and inclusion ("DEI") identified as key areas of focus. The Trustee also expected WTW to encourage its appointed investment managers to sign up to relevant local Stewardship Codes and to act as responsible stewards of capital. Where ESG factors were considered particularly influential to outcomes, WTW engaged directly with investment managers to improve their processes.

Since the transition to Schroders, the Trustee have aligned its own stewardship activities with Schroders' Engagement Blueprint, which identifies six broad themes for their active ownership: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. The Trustee expects that the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Fund. While delegating stewardship activities to the Fiduciary Manager, the Trustee has its own priority themes of Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. The Trustee will monitor and, where necessary, engage with the Fiduciary Manager to ensure alignment with these priorities.

The Fiduciary Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The UK Stewardship Code describes stewardship as "*the responsible allocation, management and oversight of capital to create long-term value ... leading to sustainable benefits for the economy, the environment and society.*" Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustee encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustee's stewardship policy, the Trustee reviewed quarterly FM ESG updates and the FM Annual ESG Report during the Fund Year. The quarterly ESG updates allow the Trustee to monitor the ESG characteristics of the Fund's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Fund's capital. In addition, the quarterly report also includes stewardship activities including both voting and engagement the Fiduciary Manager carried out on behalf of the Trustee. The FM Annual ESG Report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

The Trustee is satisfied that the stewardship policy outlined in the SIP has been implemented well over the year, with the Fiduciary Manager taking the Trustee's stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Fund Year. Examples of how this has been evidenced include:

- The Fiduciary Manager continues to integrate ESG climate factors via MSCI and SustainEx scores and apply exclusions to their core equity offerings during the security selection process as per the Schroders Group criteria which includes UNGC Global Norms Violators, controversial weapons, thermal coal, oil and gas production, oil and gas refining, and exposure to commodity-driven deforestation. This ensures a closer alignment of the Fund's investments with the Trustee's stewardship priorities, as these excluded investments are generally viewed as causing significant harm to People or Planet.
- ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth, Buy and Maintain and LDI portfolios.
- Manager research identified a hedge fund with sustainability objectives which has been included in the liquid alternatives portfolio. This fund goes beyond simply considering sustainability risks and actively promotes environmental and social objectives.
- Working with the core active credit manager to enhance their mandate to have a specific climate transition focus. This involves the introduction of a net zero target at the strategy level.
- Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion,

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requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials. The ESG ratings were also used to identify the areas of engagement with Underlying Investment Managers across the engagement priorities.

- The Fiduciary Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Fund's investments.
- In addition to regular reporting, the Fiduciary Manager has developed the ESG reporting to include voting and engagement examples to the Trustee, facilitating a more regular review throughout the year of the Fiduciary Manager and Underlying Investment Managers' stewardship activities. In addition, the quarterly ESG reporting also includes "spotlight" pages to provide the Trustee with ESG related hot topics and educational material such as ESG integration of asset classes.
- Development of biodiversity metric NatCapEx to be used as an engagement tool and to provide a greater understanding of exposure to nature related risks.
- During the period managed by WTW, public policy engagement was a prominent part of the stewardship approach. WTW's external stewardship service provider undertook corporate voting and public policy engagement on behalf of the Trustee, while also participating in multiple global stewardship initiatives to influence policy and best practice standards across markets.
- Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustee's behalf during the Fund Year within the growth asset portfolio , Cashflow Matching Credit Portfolio and the liability hedging portfolio, the Trustee is pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with its stewardship policy.

Specifically, the Trustee noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Fund Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Fund's liability hedging programme remains robust following the events during the Gilt Crisis of Autumn 2022. Moreover, the Fiduciary Manager provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Fund.

**Given the activities carried out during the Fund Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Fund Year.**

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## 3. Voting During the Fund Year

The Trustee has delegated responsibility for voting on its behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Fund's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustee, in line with the Trustee's stewardship policy.

### Voting by the Fiduciary Manager

Over the year to 31 March 2025, regarding clients' pooled fund investments<sup>1</sup>, Schroders voted on 78 resolutions across 13 meetings. Schroders voted against management on 0 resolutions (0% of total resolutions) and abstained on 11<sup>2</sup> resolutions (14.1% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

### Voting by the Underlying Investment Managers

#### Most Significant Votes

The following criteria must be met for a vote to be considered 'significant':

1. Must relate to the **BNY Mellon (Schroder Solutions) Global Equity**
2. Must be defined as significant by the Fiduciary Manager; and
3. Must relate to the Trustee's stewardship priority themes

The **BNY Mellon (Schroder Solutions) Global Equity** constitutes a significant proportion of the Fund's Growth Asset portfolio and thus constitutes the majority of the Fund's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Fund's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Fund.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' **Engagement Blueprint** and therefore aligns with the Trustee's stewardship priorities. The Fiduciary Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Fiduciary Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog<sup>3</sup>. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

Of the votes that satisfy the above criteria, the Trustee has selected one vote relating to each of the priority themes that it deems most material to the long-term value of the investments. These votes are hereby defined as 'most significant votes', and as per DWP guidance, the Trustee has communicated this definition of 'most significant votes' to the Fiduciary Manager. All of the most significant votes over this Fund Year have been reported below.

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<sup>1</sup>The voting statistics provided pertain to the Fiduciary Manager's Model Growth portfolio and may not fully reflect the pooled fund investments held by the scheme.

<sup>2</sup>The Fiduciary Manager abstained from voting on these resolutions due to the presence of share blocking. If the Manager were to vote on a position, they would then be blocked from selling positions in the security from the voting deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

<sup>3</sup>Schroders Active Ownership Blog - <https://www.schroders.com/en-us/us/individual/insights/active-ownership-blog-2024-voting-season-spotlight/>

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## Stewardship activities undertaken by Schroders over the Scheme Year

**CLIMATE CHANGE** – At the Equinor ASA annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company's commitment to support the goals of the Paris Agreement and the Norwegian Government's expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to "specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals". This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement's most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders' proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

**NATURAL CAPITAL AND BIODIVERSITY** - At the General Motors Company annual general meeting (AGM) on 4 June 2024, Schroders voted for a shareholder resolution asking the company to "disclose the company's policies on the use of deep-sea mined minerals in its production and supply chains". This vote was against management which affirmed in its AGM proxy statement that it has not invested in deep-sea mineral extraction and does not currently use, nor does it have plans to use, deep-sea minerals in its supply chain. However, the company has also stated that it is "working with third parties to make science-based evaluations and support the creation of a single common standard that establishes a deep-sea extraction framework so data-driven decisions can be made". The company does not include a clear commitment to limit and avoid the conversion of ecosystems in its responsible sourcing policy. Thus, Schroders agree with the proponents that this lack of clarity in the company's position could expose the company to reputational and regulatory risk including financial risk. While Schroders agree with the company that it is prudent for it to monitor the development of alternative value chains considering the consumer and regulatory pressure towards a fast Electric Vehicle transition, Schroders do not believe that this resolution dictates the company's position on DSM but encourages it to be candid with stakeholders about their position and how their sourcing of minerals properly considers the financial risks associated with conversion of marine habitats. This vote was unsuccessful as the shareholders' proposal was not adopted. Schroders plan to continue engagement with the company on this topic.

**HUMAN RIGHTS** – At the JP Morgan Chase & Co. annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report "outlining the effectiveness of JPMorgan Chase & Co.'s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples' rights in its existing and proposed general corporate and project financing." Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social (E&S) risks, an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company's ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

**CORPORATE GOVERNANCE** – At the Meta Platforms, Inc. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution asking the company to disclose the voting results on matters subject to a shareholder vote according to the class of shares. Schroders had co-filed this shareholder resolution along with Wespath Benefits and Investments, led by the Treasurer for the State of Illinois. Although, Schroders had not formally communicated with the company their intention to vote in advance, the company would have anticipated Schroders' support for the resolution as they were co-filers. This decision to co-file, followed a long period of solo and group engagement on this topic. Despite numerous engagements on this topic, the company remained reluctant to implement such disclosure and Schroders therefore believe filing and supporting this resolution was an appropriate next step in their engagement to continue to express the request. Schroders believe that greater transparency is needed to concretely understand when concerns are shared by a majority of independent investors to allow for greater accountability and alleviate concerns of board entrenchment. This vote against management was unsuccessful, so Schroders are still discussing the dual-class share structure, and related shareholder rights issues, with the company. The engagement is very much ongoing with the company and the group of shareholders with whom Schroders co-filed the resolution, and Schroders may look to file future resolutions too.

**HUMAN CAPITAL MANAGEMENT** – At the Goldman Sachs Group, Inc. annual general meeting (AGM) on 24 April 2024, Schroders voted for a shareholder resolution asking the board to publish an annual report describing and quantifying the effectiveness and outcomes of GS' efforts to prevent harassment and discrimination against its protected classes of employees. Schroders argue that support for this proposal is warranted as the company has failed to adequately address concerns regarding ongoing harassment and discrimination at the company, and the resulting reputational and financial risk. Shareholders would benefit from greater transparency on how the company is managing

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these issues, and what steps are being taken to improve the company's culture. Schroders believe how they have voted is in the best financial interests of clients' investments. Management voted against this resolution, believing that the adoption of the proposal is unnecessary given their "zero tolerance" approach to harassment and discrimination. This shareholder resolution was not approved, so Schroders intend to engage with Goldman Sachs on the topic raised in this resolution as well as others over the coming year.

**DIVERSITY AND INCLUSION** – At the Exxon Mobil Corp. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution requesting an additional pay report on gender and racial basis. Proponents of the resolution highlight that racial and gender unadjusted median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization. And since the United Kingdom and Ireland mandate disclosure of median gender pay gaps, Exxon Mobil already provides this information for United Kingdom employees, so investors should be able to expect the same level of disclosure for all employers. Schroders believe that reporting would better show structural issues around diversity and therefore believe that it is in the best financial interests of their clients. Management voted against this proposal as they argued that their annual "Investing in People" report goes beyond disclosing their EEO-1 data and therefore makes the proposal unnecessary. This shareholder proposal was unsuccessful, and so Schroders intend to engage with Exxon Mobil on the topic raised in this resolution as well as others over the coming year.

## Summary Voting Statistics

Only the Fund's equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 31 March 2025 for the most material funds held on behalf of the Trustee that had voting rights during the period.

Equity Funds	Morant Wright	FSSA
	Fuji Yield Japanese Fund	All China Fund
Total meetings eligible to vote	59	83
Total resolutions eligible to vote	747	759
Of resolutions eligible to vote, % of resolutions voted on	100%	100%
Of voted resolutions, % vote with management	85%	94%
Of voted resolutions, % vote against management	15%	6%
Of voted resolutions, % abstained	0%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	N/A	7%

## Note:

- Morant Wright do not subscribe to any shareholder advisory services, and their portfolio managers are directly responsible for proxy voting decisions.
- FSSA uses Glass Lewis as their proxy voting advisor.
- The voting statistics provided may slightly differ depending on the exact composition the Fund holds.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of 'Abstain' is also considered a vote against management.

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Alternative Funds	Lumyna Marshall Wace - TOPS (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Environmental Focus (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Fund	JP Morgan Europe Equity Absolute Alpha Fund
Total meetings eligible to vote	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>	156
Total resolutions eligible to vote	6,297	2,509	10,379	2,616
Of resolutions eligible to vote, % of resolutions voted on	98%	97%	98%	97%
Of voted resolutions, % vote with management	75%	57%	72%	93%
Of voted resolutions, % vote against management	12%	9%	12%	6%
Of voted resolutions, % abstained	12%	33%	17%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	9%	6%	8%	1%

**Note:**

- The voting statistics provided may slightly differ depending on the exact composition the Fund holds.
- Lumyna Marshall Wace uses Glass Lewis for proxy voting services. JP Morgan uses ISS for proxy voting services.
- Lumyna Marshall Wace have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures have been rounded but may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of 'Abstain' is also considered a vote against management.
- A new liquid alternative funds, **JP Morgan European Equity Absolute Alpha**, held at the Fund Year-end, was introduced into the Growth portfolio. The guidance is to include the data for the 12-month period to the Fund year end and therefore the voting stats reported in this statement are for the year to 31 March 2025.

**Stewardship activities undertaken by WTW**

WTW's climate engagement approach during the year was underpinned by a formal net zero target, aiming to reduce emissions intensity across 'In Scope Solutions' by approximately 50% by 2030, with full net zero by 2050. Public policy engagement and corporate engagement were supported by the use of an external stewardship service provider, which coordinated activity on the Trustee's behalf. In 2024, this resulted in engagement with 994 companies on 4,267 issues and objectives, with 62 companies receiving direct engagement at CEO or Chair level. The service provider also made voting recommendations on 143,075 resolutions at 14,701 meetings, including recommendations to vote against 25,070 resolutions. These activities were complemented by participation in a range of global stewardship initiatives designed to influence policy and best practice standards.

WTW also engaged with over 70 investment managers across asset classes, alongside more than 100 product-level engagements focused on sustainability and stewardship. In addition, over 150 sustainability-themed strategies were researched and monitored. This activity was framed within a structured ESG and stewardship framework, applied consistently across the investment manager appointment, monitoring, and termination processes to ensure alignment with the Trustee's priorities.

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**The Trustee is satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities determined during the Fund Year, hence the Trustee believes that it has satisfactorily implemented the Stewardship Policy stated in the Fund's SIP.**