
MODERN SLAVERY ACT STATEMENT 2022

This statement is made on behalf of Railpen Limited (Railpen), in compliance with the UK Modern Slavery Act 2015, for the financial year ending 31 December 2022.

This statement was reviewed and approved by the Railpen Board on 5 May 2023 and is signed by our CEO, John Chilman.

Modern slavery, in all its forms of slavery and servitude, forced or compulsory labour and trafficking is a crime, and a violation of fundamental human rights, which will not be tolerated within our own business, or in any of our supply chains.

We are proud of the steps we are continually making to combat slavery and human trafficking, and this statement sets out the actions we are taking to prevent modern slavery within our business and our supply chains. We have a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships, and to implementing and enforcing our effective systems and controls.

We are also committed to ensuring we remain transparent in our approach to tackling modern slavery throughout our business and we expect the same high standards from all of our contractors, suppliers and other business partners.

Railpen

Railpen's purpose is to 'secure our members' future'. Everything we do as an organisation is aligned to achieving this - our operations, our culture, our policies and our procedures. We are not only supporting and investing for the members and pensioners of the Railway industry today, but for the 18-year-old who joins tomorrow and may retire into a very different world. Through our work, we hope that young person will retire with financial security, dignity and the knowledge that their contributions, which have been invested through the fund over the years, will have driven positive change in the community and world they retire into.

Railpen is a subsidiary of Railways Pension Trustee Company Limited (the Trustee), which is the corporate trustee of the principal UK railways industry-wide pension schemes. Railpen provides a full range of pension services, including pension administration, investment management, fiduciary and trustee support and advisory services, for railway pension schemes and third-party clients.

The Trustee wholly owns Railway Pension Investments Limited (RPIL), a company authorised by the Financial Conduct Authority (the FCA) to carry out investment management and related activities on behalf of the Trustee. RPIL, which currently manages approximately £35bn of scheme assets for the Trustee, does not employ its own employees; colleagues, and other resources, are procured from Railpen.

RPIL's access to these resources is established through secondment letters for certain individuals, and in an investment management agreement between the two companies. RPIL, its subsidiaries and all entities associated with the Trustee, must use Railpen's centralised procurement and recruitment policies and processes, which take into account modern slavery risk.

Our Human Resources (HR) Policies

We have robust, people-centric HR policies and procedures in place, and a colleague Code of Conduct to ensure fair treatment. We comply with all applicable employment legislation relating to colleague terms and conditions, including payroll, and we invest in supporting the health and wellbeing of our colleagues.

We continue to grow our network of Mental Health First Aiders and run a holistic range of health and wellbeing support programmes for colleagues across the business, both face-to-face and online. In addition to this, we also have a confidential Employee Assistance Programme available at all times of day and night. We carry out fair and transparent recruitment processes and ensure that our recruitment agencies comply with these requirements, regardless of the position they are seeking to fill, through regular meetings in which practices and compliance with them are reviewed. The recruitment agencies Railpen engage with are vetted by our Procurement team. All agencies are required to sign up to Railpen terms of business and by doing so, comply with all applicable laws relating to slavery, servitude, forced or compulsory labour or human trafficking, including the Modern Slavery Act 2015, for both employees and contingent workers.

Right-to-work checks are conducted ahead of agencies submitting candidates to Railpen. Candidates are also vetted by our third-party partner following an offer. The internal recruitment team also validate the right to work for candidates applying directly to Railpen ahead of progressing them.

Remuneration

Railpen is committed to building a resilient business and a secure environment for our people, working together to secure our members' future. Railpen reviews the remuneration paid to each colleague across the business annually. The purpose of this is to ensure all colleagues continue to receive fair remuneration for the job they perform, compared to the market.

The 'Railpen Living Wage', introduced in 2021, is reviewed annually and guarantees that the minimum salary Railpen will pay remains ahead of the National Living Wage.

Our Investment business

RPIL expects its portfolio companies to operate within the parameters of widely accepted business practices, such as the Ten Principles of the UN Global Compact (UNGC). This includes Principle 4 of the UNGC: the elimination of all forms of forced and compulsory labour.

From an investment perspective, the way companies treat their people, supply chain and wider stakeholders can have a significant impact on their operational performance. To manage this risk, RPIL screens its listed equities portfolio annually to identify companies involved in severe governance and/or conduct controversies, including cases of modern slavery. Our Sustainable Ownership team requests engagement with any identified companies, to discuss ongoing risks and areas for improvement. On an exceptional basis, RPIL will exclude companies from its listed equities portfolios for severe governance and conduct controversies, where concerns have not been adequately addressed.

We are working to incorporate human rights risks, including modern slavery, within due diligence processes for asset classes beyond listed equities. For example, we conducted an assessment of these risks prior to investing in a renewable energy project during the reporting period.

Taking into account the prevalence of modern slavery within the construction sector, RPIL continues to include clauses requiring compliance with the Modern Slavery Act 2015 in construction contracts for our property investments.¹

¹ ILO & Walk Free Foundation (2022). Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, p31. Access at https://www.ilo.org/sites/default/files/wcmstp5/groups/public/@ed_norm/@ipecc/documents/publication/wcms_854733.pdf

In alignment with the UK Independent Anti-Slavery Commissioner's recommendations for the finance sector, RPIL recognises that combining our expertise and voice with peer investors can enable more effective engagement with portfolio companies.²

This is particularly the case for system-wide risks such as modern slavery. Therefore, in support of the Workforce Disclosure Initiative (WDI), RPIL has continued to work with peers to collect comparable data from companies on issues such as modern slavery. Additionally, RPIL joined two investor-led initiatives during the reporting period: the CCLA's Find it Fix it Prevent it coalition and Rathbones-led Votes Against Slavery.

- As a member of 'Find it Fix it Prevent it', we will engage with high-risk portfolio companies to understand how they investigate supply chains to identify and eradicate modern slavery.
- As a member of 'Votes Against Slavery', RPIL expects portfolio companies in the UK market to fulfil annual reporting requirements under Section 54 of the Modern Slavery Act 2015. Where FTSE 350 companies fail to address the minimum legal requirements of the Act, we will vote against the approval of their annual report and accounts.

Our Policies and Processes

- Our policies and processes are designed to ensure effective risk assessment, including in relation to slavery and human trafficking risks:
- Identify and assess potential risk areas in our supply chains;
- Mitigate the risk of slavery and human trafficking occurring in our supply chains;
- Protect Whistle-Blowers

Our supply chain

We consider our exposure to modern slavery to be limited as most of our suppliers are based in the UK, which has a low prevalence of modern slavery according to the Global Slavery Index. Our supply chain generally extends to goods and services for our UK office operations, including:

- Communications and IT equipment services
- Temporary/Agency staff
- Various professional services
- Office equipment and supplies
- Utilities
- Facilities management services

We take a risk-based approach to managing any potential exposure. However, our supply chains do not involve inputs of manufactured or processed goods from high-risk jurisdictions. Other than an ongoing relationship with technology/telecommunications hardware providers, we have no other tiered or particularly complex supply chains.

To ensure our third-party providers, and all those in our supply chain, comply with our values and ethics and operate with integrity, we have a procurement policy and robust processes in place to ensure transparency of all sourcing activities carried out by our business, including a comprehensive supplier due diligence, onboarding and appointment process, which is designed to ensure our suppliers, and their supply chains, meet our requirements.

² Office of the Independent Anti-Slavery Commissioner (2021) Dame Sara Thornton's recommendations to the financial sector, p.2. Access at <https://www.antislaverycommissioner.co.uk/media/1674/five-iasc-reccomendations-to-the-financial-sector-sep-2021.pdf>

Our contracts provide us with specific adherence to the Modern Slavery Act 2015 and the right to audit suppliers or undertake on-site assessments, dependent on the nature of the goods or services being provided and in the industry sector in which the supplier operates. If an audit reveals modern slavery risks, this would trigger the termination of the supplier's contract and the necessary escalation.

We encourage anyone, including colleagues, subcontractors, suppliers and customers to report, in good faith, any issue or concerns about potential unethical business practices, such as fraud and bribery or slavery and human trafficking through our confidential whistle-blowing procedure.

Training

HR policies are reviewed periodically and we are satisfied that they comply with all legislative and regulatory requirements. We are working towards delivering communication and training across Railpen to raise awareness of key policies. Within our Learning Academy, a full e-learning module on modern slavery is available for colleagues to complete for awareness and education.

John Chilman

A handwritten signature in black ink, appearing to read 'John', with a stylized flourish above the 'h'.

Chief Executive

Date: 5 May 2022