

Asset Owner Showcase: Railpen

Railpen is the in-house investment manager for UK Railways Pensions, managing approximately £35bn in assets on behalf of members. The organisation operates a predominantly internal investment model, with dedicated teams managing asset classes. Its approach is characterised by long-term, conviction-led investing, with a strong emphasis on stewardship, governance and member outcomes.

UK assets form a significant part of the portfolio, with around one-third of total assets invested domestically, including exposure through listed equities, private markets and a dedicated UK pre-IPO strategy.

Investment Model

Railpen's investment approach is fundamentally long term and growth-oriented, reflecting the time horizon of pensions liabilities and member outcomes. Key characteristics of the model include:

- A predominantly in-house investment structure across public and private markets
- Fundamental, conviction-led equity investing
- A dedicated UK pre-IPO allocation alongside listed equity exposure
- A diversified asset mix, including listed equities and private markets

The organisation emphasises sustainable long-term value creation over short-term market performance, with stewardship integrated directly into investment decision-making.

Stewardship and ESG Approach

Railpen views stewardship as a core component of investment activity rather than a separate overlay function. Stewardship activity has historically centred on bottom-up company engagement, with an approach combining company-level engagement with an increasing focus on systems-level stewardship and market-wide risks.

Key Themes and Commitments

Railpen's stewardship approach includes:

- Long-term, patient capital deployment
- A focus on financially material sustainability and governance issues
- Close engagement between stewardship and portfolio management teams
- Recognition of the broader real-world impacts that influence pension outcomes
- Governance standards, market structures and public policy considerations
- Proactive, formalised expectations around AI and cybersecurity governance

Engagement Model

Railpen's engagement approach is relationship-driven and integrated with investment oversight. Core features include:

- Ongoing dialogue and partnership with portfolio companies
- Private engagement as the primary mechanism of influence
- Escalation where required through voting or public positioning
- Provision of practical guidance to companies and industries
- Collaborative engagement with investors, regulators and policymakers on structural market issues

Engagement activity is closely linked to portfolio management and ownership responsibilities, reflecting Railpen's preference for active, direct stewardship.

Voting Model

Railpen retains voting authority internally and actively exercises ownership rights across its portfolios. Key elements of the model include:

- Voting decisions taken in-house
- Listed equities managed internally wherever possible
- Use of segregated mandates where appropriate
- Continued determination of voting outcomes for UK holdings within pooled passive structures

Railpen also actively deploys a range of shareholder rights and escalation tools, including:

- AGM participation and questioning
- Pre-declarations of voting intentions
- Co-filing shareholder resolutions
- Direct engagement with boards and committees

Railpen operates its own voting platform and applies a bespoke voting policy, which is updated annually, published each December and shared proactively with priority companies and FTSE 350 constituents to communicate expectations in advance.

Asset Managers

External managers are used selectively and within clearly defined stewardship expectations; while voting authority is generally retained internally, external managers may receive input on significant votes. Strategic relationships and co-engagement with managers are common, and Railpen is active in collaborative industry initiatives aimed at improving stewardship information flows between asset managers and asset owners.

Proxy Advisors

Proxy advisors are used primarily for research support rather than decision-making.

Key Implications for Investee Companies

Railpen's model reflects a highly engaged, ownership-led approach to investment and stewardship, with a strong emphasis on direct accountability and long-term governance standards. For investee companies, this implies:

- Stewardship discussions are likely to be integrated directly with investment conversations
- Companies are expected to demonstrate robust governance, board oversight and long-term strategic alignment
- Railpen places significant emphasis on shareholder rights and transparent engagement practices
- Expectations are increasingly expanding into areas such as cybersecurity, AI governance, lobbying oversight and audit effectiveness
- Proxy advisors and external managers are not determinative; companies should expect decisions to reflect Railpen's own internal analysis and judgement
- Ongoing dialogue and responsiveness to engagement are important components of the relationship model

Further Resources

Stewardship Report (2024)
Voting Policy (2025)
Sustainable Ownership Member Review (2024)
AGM Statements and Correspondence
Net Zero Plan (2025)
Implementation Statement (2024)

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All information in this document reflects Railpen's processes as of their presentation in November 2025, conducted by Caroline Escott (Head of Investment Stewardship, Co-Head of Sustainable Ownership). For further reading, visit the links above or email the team.