

ReAssure Staff Pension Scheme

Implementation Statement

For year ending 31 December 2023

September 2024

Table of Contents

Section 1 : Introduction2

Section 2 : SIP reviews/changes over the year.....3

Section 3 : Adherence to the SIP.....4

Section 4: Voting data.....7

Section 5: Summary and conclusions 12

Section 1: Introduction

This document is the annual Implementation Statement (the “Statement”) prepared by the Trustee of the ReAssure Staff Pension Scheme (the “Scheme”) covering the “Scheme Year” from 1 January 2023 to 31 December 2023 in relation to the Statement of Investment Principles (“SIP”).

The Scheme’s SIP can be found on the ReAssure Staff Pension Scheme website linked here:

www.reassurestaffpensionscheme.co.uk

The purpose of this Statement is to:

- set out how, and the extent to which, in the opinion of the Trustee, the Scheme’s Statement of Investment Principles (“SIP”) required under section 35 of the Pensions Act 1995 has been followed during the year in relation to voting and engagement; and
- describe the voting behaviour by, or on behalf of, the Trustee over the Scheme Year (including the most significant votes cast by the Trustee or on their behalf) and state any use of services of a proxy voter during that year.

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

A copy of this Statement is made available on the following website:

www.reassurestaffpensionscheme.co.uk

Section 2: SIP reviews/changes over the year

The SIP was reviewed and updated once during the Scheme Year, with two relevant versions in place over the year:

1. **December 2022** – This was the version in place at the start of the Scheme Year.
2. **November 2023** – The previous version was updated to:
 - reflect the results of the Scheme’s strategy review, which took place in Q1 2023;
 - correct the latest Deed of Amendment to the Funding Agreement with the Sponsor;
and
 - expand the Trustee policy in relation to stewardship including engagement and voting and identify climate change as the Trustee’s key area of focus.

Section 3: Adherence to the SIP

In this section, we comment on how the Trustee has followed its policies with respect to engagement as set out in the SIP. The Trustee has delegated the day-to-day ESG integration and stewardship activities (including voting and engagement) to its investment managers. However, to monitor how the Scheme's investment managers integrate ESG and undertake stewardship activities on the Trustee's behalf, the Trustee undertakes an annual review via analysis provided by its Investment Consultant. As part of this process, the Trustee has identified climate change as its key area of focus. This report contains information on each manager's policies and approach to sustainability, climate change and stewardship, including portfolio turnover and the ESG impact of portfolio holdings.

Overall, following the review carried out this year, the Trustee remained comfortable with the investment managers' approaches to ESG integration and noted no immediate causes for concern.

The Trustee's view is that ESG factors can have a significant impact on investment returns, particularly over the long-term. As a result, the Trustee believes that the incorporation of ESG factors is in the best long-term financial interests of its members. Through the engagement undertaken by the Trustee and the Scheme's Investment Consultant, the Trustee expects investment managers to act as responsible stewards of capital as applicable to their mandates.

The Trustee's policies on engagement, stewardship and alignment, as stated in the SIP are as follows:

Policy	Approach and actions taken over the Scheme Year
<p>16 (part). The Trustee will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each manager, consistent with the achievement of the Scheme's long term objectives, and an acceptable level of risk. As part of this process, the Trustee has delegated the detailed monitoring of the Scheme's investment managers to its Investment Consultant. Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment.</p>	<p>The Trustee reviews the performance of each of the Scheme's investment managers on a quarterly basis, considering both quantitative and qualitative inputs.</p> <p>Alongside this, the Trustee meets with each of its investment managers periodically to discuss strategy, performance, outlook and ESG considerations.</p>
<p>17. The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages engaged ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.</p>	<p>When reviewing the performance of the investment managers on a quarterly basis, the Trustee reviews performance over 3 and 5 years where available, to ensure a focus on long-term outcomes.</p> <p>During the Scheme Year, the Trustee submitted a request to terminate the Scheme's investment in the REaLM Multi-Sector Fund managed by Aviva Investors. This decision was taken as part of the Trustee's objective of decreasing the amount of illiquid assets within the Scheme's portfolio over time.</p>
<p>18. Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of</p>	<p>The Trustee has invested in line with this policy over the Scheme Year. The Trustee is satisfied</p>

services which includes consideration of long-term factors and engagement. Some of the managers may be paid incentive fees based on the performance achieved.

that their managers have given due consideration to long-term factors and engagement, which is reviewed by the Trustee as part of their quarterly reporting and annual Sustainable Investment review process (see below).

19. The Trustee reviews the costs incurred in managing the Scheme’s assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

ClearGlass completed their analysis of the investment costs incurred by the Scheme and the output of the 2022 analysis was reviewed by the Scheme’s Funding and Investment Sub-Committee (“FISC”) during the Scheme Year, alongside information from the Scheme’s Investment Consultant setting out portfolio turnover levels and expected ranges for each of the Scheme’s mandates.

23. In determining its approach to sustainability, the Trustee feels it is important to take into consideration both its views and the views of the Sponsor. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change.

The Trustee’s view is that Sustainable Investment factors can have a significant impact on investment returns, particularly over the long-term. As a result, the Trustee believes that the incorporation of Sustainable Investment factors is in the best long-term financial interests of its members.

24. When considering its policy in relation to stewardship including engagement and voting, the Trustee expects the Investment Managers to address broad ESG considerations taking into account the nature of the assets held under the relevant investment mandate. As part of this process, the Trustee has identified climate change as its key area of focus.

Over the Scheme Year, the Trustee has received analysis from the Scheme’s Investment Consultant providing:

- An assessment of the Sustainable Investment practices of the Scheme’s investment managers, including a summary of whether each adheres to the PRI and Stewardship Code and key developments over the past 12 months.
- How ESG considerations are integrated into the management of each mandate, each manager’s policy with respect to the exercise of voting rights and the approach taken by each manager in relation to engagement activities with the companies in which it invests.
- Each manager’s policies and approach to net-zero and how these apply to the Scheme’s assets.
- An overview of the Scheme’s holdings in the sectors subject to exclusions under the Sponsor’s policies.

25 (part). The Trustee believes that understanding how an investment manager takes into account sustainability factors is a relevant consideration when selecting investments. It relies on its advisers to reflect its beliefs in all aspects of investment advice (particularly when selecting managers) and industry engagement, and monitors and engages with its advisers to ensure this happens appropriately. In doing this, the Trustee relies on the transparency of its adviser’s research process, which considers ESG integration, team diversity, documented policies, voting policies, engagement, transparency and alignment of all investment managers that are researched.

During the year the FISC met with Towers Watson Investment Management (June meeting) and Equitix (December meeting) to discuss the performance and outlook for the Scheme’s investments in the with each manager. As part of these discussions, the Committee explored the managers’ approaches to Sustainable Investment and some examples of holdings with positive ESG characteristics. No issues were identified as a

Sustainable investment and ESG factors are important risks, and can have financial impacts on the Scheme’s portfolio. As such, they should

be considered in a balanced risk/return framework when making investment decisions.

The Trustee also considers other relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings as part of its overall policy.

Understanding how an investment allows for stewardship and ESG factors (including climate change) is relevant, but exclusion and impact investing is not likely to be a material part of investment strategy. The Trustee monitors reporting from its managers and advisers on at least an annual basis to ensure these issues are assessed and taken account of in the investment decision making process. Should the Trustee determine that a manager's approach to stewardship or ESG considerations are not appropriate, the Trustee will raise this with the relevant manager and, if not remedied, will ultimately consider terminating their appointment.

For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

When the risk and return characteristics of potential investments are suitable, the Trustee may consider which of the possible investments will provide the greatest long-term societal benefit.

The Trustee does not intend to use pension scheme money to implement any kind of moral/ethical/lobbyist agenda, but recognises the collaborative initiatives undertaken on their behalf by their managers and advisers.

result of these discussions and the FISC was comfortable that the managers appropriately consider these risks and opportunities as part of their investment processes.

As a result of the discussions held with the investment managers and the reporting considered, the Trustee was satisfied that no immediate changes were required to the Scheme's portfolio on the basis of sustainability or engagement factors. The Trustee continues to monitor its managers and engage with them on sustainable investment matters.

Section 4: Voting data

The Trustee has delegated the day-to-day ESG integration and stewardship activities (including voting and engagement) to its investment managers, but recognises that it ultimately remains responsible for the activities of the managers it employs. To oversee these activities, on an annual basis, the FISC receives an update on how these are implemented on the Scheme's behalf.

The table below sets out the voting activities of the Scheme's investment managers, including any votes cast on the Trustee's behalf. The Trustee has identified climate change as its key area of focus when it comes to stewardship activities (including voting and engagement) and has provided below examples of votes cast that it deems to be significant. Some of the Scheme's underlying investment strategies, such as fixed income (where these holdings do not have voting rights attached) or secure income investments (where voting is not applicable as the strategy will bring with it a high level of ownership and control), have been excluded from the table below.

Significant votes

Outlined below are a number of significant votes cast by the Scheme's investment managers on the Trustee's behalf.

Towers Watson Investment Management (TWIM) Partners Fund

Manager's voting policy	https://www.wtwco.com/-/media/wtw/solutions/services/sustainable-investing-policy.pdf?modified=20230104213422	
Voting activity	Number of votes eligible to cast:	25,915
	Percentage of eligible votes cast:	93.8%
	Percentage of votes with management:	86.9%
	Percentage of votes against management:	12.8%
	Percentage of votes abstained from:	0.3%
Most significant votes cast	Company	Glencore Xstrata Plc
	Size of holdings	0.19%

	Resolution	Shareholder resolution in respect of the next Climate Action Transition Plan
	Vote Cast	Against
	Rationale for voting decision	The manager voted against this shareholder resolution, and thus supported management. The manager is happy with Glencore's managed transition plan and disclosure.
	Outcome of vote	Not Approved
	Company	Berkshire Hathaway
	Size of holdings	0.26%
	Resolution	Climate risk disclosure
	Vote Cast	For
	Rationale for voting decision	The manager voted in support of audit committee responsibility for climate risk disclosure believing the significance of leadership on this issue overrode the minor cost and inconvenience of compliance. Given the company already has disclosure representing 90% of emissions, and given the company's long-earned reputation for ethical stewardship, awaiting SEC guidance seems an inadequate delayed response. The manager voted against management but in line with ISS recommendations
	Outcome of vote	Not Approved
	Company	TotalEnergies SE
	Size of holdings	0.20%
	Resolution	Approve the Company's Sustainable Development and Energy Transition Plan
	Vote Cast	Against
	Rationale for voting decision	Upon consideration of TotalEnergies' stated targets and the proposed shareholder resolution, the manager assessed the

		current targets as reasonable in the context of a global energy transition.
	Outcome of vote	Approved
Use of proxy voting	<p>For the Partners Fund, the equity exposure comes from four main areas:</p> <ul style="list-style-type: none"> ▪ The manager’s global equity portfolio where EOS provides voting recommendations to enhance engagement and help achieve responsible ownership. EOS’s voting recommendations are informed by its extensive research and experience in the area of stewardship as well as its long-term engagement activities with companies. The underlying managers must provide an explanation and note their rationale when they choose to vote differently to the recommendation. The underlying managers in this portfolio use ISS’s ‘ProxyExchange’ electronic voting platform to facilitate voting. ▪ The China equity manager uses Glass Lewis service where they have created a bespoke policy. ▪ The emerging markets equity managers use ISS, Glass Lewis, SES and Broadridge Proxy Edge platforms for information and to facilitate voting. ▪ The long-short equity managers use ISS to provide corporate research and to facilitate the voting process. 	

Legal and General Investment Management ESG Paris Aligned World Equity Index Fund

Manager’s Voting Policy	https://www.lgim.com/uk/en/capabilities/investment-stewardship/	
Voting activity	Number of votes eligible to cast:	1,036
	Percentage of eligible votes cast:	100.0%
	Percentage of votes with management:	82.6%
	Percentage of votes against management:	17.2%
	Percentage of votes abstained from:	0.2%

Most significant votes cast	Company	Westpac Banking Corp.
	Size of holdings	0.07%
	Resolution	Approve Westpac Climate Change Position Statement and Action Plan
	Vote Cast	Against
	Rationale for voting decision	A vote against this proposal is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM positively note the company's net-zero commitments and welcome the opportunity to voice their opinion on the bank's climate transition plan, they highlight some concerns with the scope of targets and disclosures. In particular, <ul style="list-style-type: none"> - The bank has not committed to establish science-based targets; and - The sector policies notably on certain fossil fuels (such as unconventional oil and gas) and existing business relationships remain limited in scope. More specifically, the company's position on power generation is quite high level and particularly narrow in scope.
	Outcome of vote	Pass
	Company	Snowflake Inc.
	Size of holdings	0.03%
	Resolution	Elect Director Jeremy Burton
	Vote Cast	Withhold
	Rationale for voting decision	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Withhold votes are warranted for incumbent director nominees Teresa Briggs and Jeremy Burton given the board's failure to remove, or subject to a sunset requirement, the supermajority vote requirement to enact certain changes to the governing documents and the classified board, each of which adversely impacts shareholder rights.
	Outcome of vote	N/A
	Company	Mizrahi Tefahot Bank Ltd.

	Size of holdings	0.01%
	Resolution	Re-elect Moshe Vidman as Director
	Vote Cast	Against
	Rationale for voting decision	<p>A vote against has been applied because LGIM expects the Committee to comprise independent directors.</p> <p>Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p>
	Outcome of vote	N/A
Use of proxy voting	<p>LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.</p>	

Section 5: Summary and conclusions

The Trustee considers that all SIP policies and principles were adhered to over the Scheme Year.