



Redrow Staff Pension Scheme ('the Scheme') Implementation Report

September 2024

Background and Implementation Statement

Background

The Department for Work and Pensions (DWP) recognises Environmental, Social and Governance (ESG) factors as financially material, and schemes need to consider how these factors are managed as part of their fiduciary duty. DWP regulations require that schemes detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The Scheme has updated its SIP in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change.
- policies on the stewardship of the investments.

The SIP can be found online at the web address:

https://www.isio.com/app/uploads/2024/10/Redrow-SIP-Mar-2023_web-version.pdf

Implementation Report

This Implementation Report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Trustees have taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- the extent to which the Trustees have followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies they invest.
- voting behaviour covering the reporting year up to 30 June 2024 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Implementation Statement

This report demonstrates that the Redrow Staff Pension Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Approved by the Trustees of the Redrow Staff Pension Scheme

October 2024

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between changes in the value of the Scheme's assets and present value of liabilities due to changes in interest rates and inflation expectations.	To hedge 100% of these risks	The Scheme purchased a buy-in policy in January 2023.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Scheme purchased a buy-in policy in January 2023. Residual assets are invested in a low-risk cash fund.
Credit	Default on payments due as part of a financial security contract.	When relevant, to appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	The Scheme purchased a buy-in policy in January 2023.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To delegate to the investment manager the consideration of ESG factors in determining the appropriate holdings within their portfolios.	No actions to report.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge currency risks where deemed appropriate, following advice from investment advisers.	No actions to report.

Longevity	Members of the Scheme living longer than expected, leading to a larger than expected liability.	To hedge the majority of this risk through the purchase of the buy-in policy.	The Scheme purchased a buy-in policy in January 2023.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No actions to report.

Changes to the SIP and Implementing the current ESG policy

There have been no changes to the SIP in the 12 months to 30 June 2024.

The SIP was last updated in March 2023 to reflect the purchase in January 2023 of the buy-in policy covering the vast majority of the Scheme's liabilities and the residual assets being held in a cash fund alongside the insurance policy.

The policies in the SIP reflect the purchase of the buy-in policy, including those around ESG.

The Trustees acknowledge the importance of ESG factors and climate change and note that, as the majority of the assets are invested in the buy-in policy, there is limited scope for the Trustees to incorporate ESG into the Scheme's investment Strategy.

Engagement

As the Scheme invested over the year via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 30 June 2024.

Fund name	Engagement summary	Commentary
L&G Cash Fund	Total Engagements: 15 Environmental: 11 Social: 0 Governance: 3 Other: 1	<p>LGIM believe effective stewardship involves working with companies, regulators, policymakers, peers and other stakeholders around the world to tackle systemic issues, material risks and opportunities as well as collaboration with industry experts to identify future challenges.</p> <p>An example of engagement at fund level is with Mizuho Financial group around client engagement strategy and commitments under the Net Zero Banking Alliance. Despite progress made in disclosures, LGIM believe the stated goals and policies could be further strengthened and therefore supported a shareholder resolution requesting that the company amend its articles to disclose a transition plan to align lending and investment portfolios with the goals of the Paris Agreement.</p>

Voting (for equity funds only)

The Scheme did not hold any assets with voting rights over the period.

The information contained herein, and views expressed by Isio are based solely on information provided by the investment managers. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.