

The Trowers & Hamlins
Pension and Life Assurance
Scheme Implementation
Report

April 2025



Background and Implementation Statement

Background

In recent years the regulatory landscape has evolved as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities and regulatory guidance relating to voting and engagement policies and activities is now in place. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the Statement of Investment Principles (SIP).

The SIP can be found online at the web address https://www.isio.com/scheme-documents/the-trowers-hamlins-statement-of-investment-principle/ changes to the SIP are detailed on the following page.

The Implementation Report details:

- actions the Scheme has 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 by investment managers to manage ESG risks
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in their mandates
- as at 31 December 2024 the Scheme is no longer invested in funds containing equities therefore there are no voting records to provide

Summary of key actions undertaken over the Scheme reporting year

- The Trustees completed a Sustainable Integration Assessment on the investment managers, which highlighted key areas for investment managers to improve in order to better align with the Trustees' agreed ESG beliefs. The Trustees' investment consultant continues to monitor the investment managers from an ESG perspective and provide annual updates.
- At the start of 2024, as a result of improvements to the Scheme's Technical Provisions funding level, the Trustees and Company discussed further de-risking for the Scheme. The Trustees and Company agreed to fully disinvest from the Diversified Growth Fund (DGF) allocation, investing the proceeds in a new assetbacked securities (ABS) fund, reducing the level of risk in the portfolio. In Q2 2024, the proceeds from the BlackRock DGF disinvestment were invested into Insight's Global ABS fund.
- The Trustees also agreed to alter the share class of the Insight High Grade ABS
 Fund. The change was made to allow for the fund to be used in the Scheme's
 collateral waterfall, which allows the ABS fund to be automatically called should
 the Liquidity Plus Fund be depleted. This was completed in Q2 2024.
- The Scheme's SIP was updated to reflect the strategic changes implemented over the reporting year. Further detail of the updates are provided later in this report.

Implementation Statement

This report demonstrates that the Trowers & Hamlins Pension and Life Assurance Scheme has adhered to its investment principles and its policies for managing financially material considerations, including ESG factors and climate change.

Signed

Position Trustee

Date 15 April 2025

Managing risks and policy actions (DB Scheme)

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.100% of these risks as measured on the Scheme's Technical Provisions basis, by investing in liability-driven investment ("LDI").	There have been no changes to this policy over the reporting year.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI portfolio.	The Trustees agreed to change the share class of the Insight High Grade ABS fund, to have the fund sit under the Insight collateral umbrella. Investing in the ABS fund under the LDI umbrella allowed the Trustee to opt into the automatic waterfall switch service that allows assets to be automatically called by Insight should assets held in the Liquidity Plus fund become exhausted, improving liquidity and collateral management for the LDI portfolio.
			In Q1 2024, a full disinvestment from BlackRock DGF was made. The proceeds from the disinvestment were invested into a new holding in Insight's Global ABS fund, this is also part of the collateral waterfall, further increasing liquidity with respect to LDI capital calls.
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 practical.	The Trustees disinvested from the BlackRock DGF fund which has removed equity market risk.

Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	The investment in the Insight Global ABS fund added credit risk to the portfolio, but reduced overall risk.
		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 Trustees are happy that overall risk is suitably well managed and diversified, noting the low-risk and diversified nature of the Insight ABS funds.
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 appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:	There have been no changes to this policy over the reporting year, further detail of application provided later in this report.
		1. Responsible Investment ('RI') Policy / Framework	
		2. Implemented via the manager's Investment Process	
		3. A track record of using engagement and any voting rights to manage ESG factors	
		4. ESG specific reporting	
		5. UN PRI Signatory	
		The Trustees monitor the managers on an ongoing basis.	
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge currency risk on overseas exposure where possible.	There have been no changes to this policy over the reporting year.
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.	There have been no changes to this policy over the reporting year.

Changes to the SIP/IID

Over the period to 31 December 2024, the Trustee made changes to the SIP and Investment Implementation Document (IID) to reflect changes to the Scheme's investment strategy. Details of the changes can be found below.

Updates to the SIP/IID	
Date updated: June 2024	
Investment Strategy – Strategic Allocation	 The Trustees updated the SIP and IID to reflect the new strategic asset allocation that was agreed for the Scheme over the period, the changes included a decrease to liability-driven investment, and a new allocation to Global Asset-backed Securities funded by a full disinvestment from the DGF allocation. As a result of this de-risking, the portfolio expected return reduced from Gilts +1.4% pa to Gilts + 1.1% pa.
Mandate target returns, objectives, and fees	The Trustees updated the mandate specific information detailed in the IID to reflect the new strategic asset allocation.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regards to ESG as a financially material risk.

This page details the Scheme's ESG policy. The next page details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

Risk Management	 Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme.
	ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees.
Approach / Framework	The Trustees should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.
	4. ESG factors are relevant to investment decisions in all asset classes.
	Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.
	ESG factors are dynamic and continually evolving; therefore the Trustees will receive training as required to develop their knowledge.
	8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	 The Trustees will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.
	10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UN PRI & Stewardship code. If they do not sign up, they should have a valid reason why.
	12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

ESG summary and actions with the investment managers

In March 2025 the Scheme completed a Sustainable Integration Assessment of the Scheme's investment managers covering the 2024 Scheme year. This assessment reviews the managers integration of ESG factors in their risk management and due diligence processes . The Scheme will again be assessing the Scheme's ESG actions with investment managers in Q1 2026.

Manager, fund	ESG Summary	Actions identified	Engagement with manager commentary
Apollo, Total Return Fund	The Apollo Total Return Fund received a "Meets Traditional Criteria" rating. Apollo have a well-resourced and dedicated sustainability team and platform. They have published firm-level ESG and engagement policies, as well as a high-level engagement priorities and escalation approach. Within the Fund, a scorecard is used to apply their ESG risk framework consistently and a detailed quarterly ESG report is produced for the Fund. However, the Fund has no direct ESG, objectives, nor a formal exclusions list.	We encourage the manager to: - Publish a Net Zero commitment and agree interim targets as well as diversity & inclusion targets - Consider further collaborative initiatives including NZAMI, CA 100+. At a Fund level: - Develop ESG objectives for the Fund, including formalising an exclusions policy. - Increase engagement coverage. - Improve GHG emissions data coverage for TCFD reporting.	Over the Scheme year, Isio engaged with Apollo on the Scheme's behalf in a number of areas in relation to the Total Return Fund and note the following progress against actions previously identified: - During 2024, Apollo signed up to the 2020 UK Stewardship Code. - Apollo are engaging with portfolio issuers, but only a small proportion. Coverage should be improved. - Apollo continue to improve reporting capabilities, by engaging with issuers to obtain better data, obtaining data from third party data providers, or through using tools to estimate proxy data sets where data is hard to collect.

Insight, High Grade Asset Backed Securities

The Insight ABS Funds received a "Partially Meets Traditional Criteria" rating.

Insight have a net zero commitment by 2050, including interim targets, in line with NZAMI. The firm also has a strong approach to firm-level stewardship and collaboration, including in its approach to escalation.

Insight, Global Asset Backed Securities

At a fund level, Insight's process identifies ESG opportunities beyond just managing ESG risks.
However, in-line with peers, reporting is a laggard due to data quality limitations in the ABS market.

We encourage the manager to:

- Consider incorporating ESG objectives and priorities as part of ESG/RI policy.
- Further expand connections with academic institutions to develop risk management frameworks.

At the Funds level:

- Develop an approach to estimate carbon footprint in reporting (Scope 1 & 2 emissions).
- Establish a formal exclusion of thermal coal and tar/oil sands

Over the Scheme year, Isio engaged with Insight on the Scheme's behalf in a number of areas in relation to the ABS Funds and note the following progress against actions previously identified:

- Insight have now published their stewardship policy
- Insight continue to engage with ABS originators to improve the quality and quantity of ESG data collection

Insight, LDI

The Insight LDI Funds received a "Meets Traditional Criteria" rating.

Insight have a net zero commitment by 2050, including interim targets, in line with NZAMI. The firm also has a strong approach to firm-level stewardship and collaboration, including in its approach to escalation.

At a fund level, Insight integrate ESG factors for counterparty evaluation in their LDI funds, however, there are no specific fundlevel ESG objectives for the LDI funds.

We encourage the manager to:

- Consider incorporating ESG objectives and priorities as part of ESG/RI policy.
- Further expand connections with academic institutions to develop risk management frameworks.

At the Funds level:

 Consider reporting ESG scores for LDI counterparties within the pooled funds or segregated mandates. Over the Scheme year, Isio engaged with Insight on the Scheme's behalf in a number of areas in relation to the LDI Funds and note the following progress against actions previously identified:

- Insight have now published their stewardship policy.
- Insight are continuing efforts to evolve LDI engagement reporting in order to produce a disclosable narrative.
- Insight is working to provide climate reporting on LDI counterparties as part of their regular reporting.
 They, however, maintain climate risk ratings where such counterparties are also bond issuers to inform their engagement activities.

Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category covering the reporting year up to 31 December 2024. Please note that not all categories sum to the number of total engagements, as some engagements covered more than one ESG area.

ngagement summary	Commentary
otal engagements: 278 nvironmental: 258 ocial: 251 fovernance: 254 lumber of entities ngaged: 192	Apollo takes a top-down and bottom-up, collaborative approach to ESG engagement and currently has four key engagement pillars: - Transparency and Disclosure - Finance the Energy Transition - Thematic Engagement - Value Creation Stewardship and Engagement is done unilaterally or collectively by the Sustainable Credit & Platforms Team and Investment Teams. Apollo provided a firm wide ESG policy document that sets out its approach to ESG issues, sustainability, and progress towards achieving goals. These include specific goals in respect to Apollo's sustainable investing platform that targets deploying capital in investments specific to the energy transition and decarbonisation. Apollo focuses their engagement on identifying opportunities to expand and advance the climate and energy transition with issuers. Example: In 2024, Apollo-managed funds and affiliates led a c.\$11bn investment to acquire a 49%-equity interest in a joint venture related to Intel's Fab 34, a wafer fabrication manufacturing facility. Given the industrial decarbonisation qualities of the transaction, it qualified as a Transition
r	otal engagements: 278 nvironmental: 258 ocial: 251 overnance: 254 umber of entities

Over the course of Apollo's investment due diligence process, they engaged with the company several times to better understand how Fab 34 contributes to Intel's decarbonisation goals.

The company shared information on the Fab's use of extreme ultraviolet (EUV) lithography technology to improve power efficiency as well as heat recovery, renewable energy, waste recycling, and water restoration/conservation to reduce the environmental footprint of the Fab.

Intel also provided a copy of the Fab 34 LEED Gold scorecard, which verified many of the above claims. Intel has established a track record of voluntary sustainability-related disclosures, and Apollo expect to engage with Intel to request additional information on an ongoing basis.

Insight, High Grade Asset-Backed Securities

Insight,

Backed

Securities

Global Asset

engaged: c.50

Total engagements: c.40

Number of entities

Process:

Insight describe engagement as a form of collaboration in which investors work with each other in some way to achieve a common goal, of which can take various forms. Insight regularly meets with issuers to discuss ESG related and non-ESG related issues and follow a research-based approach to identify poor performers to enable targets engagements that encourage positive improvements across specific themes.

Example:

Insight has engaged with MSCI, an American investment research firm, on improving their carbon metrics across ABS assets. Insight felt like there was no reliable external data providers for ESG and carbon metrics across the ABS funds. MSCI are a leading provider of data for a wide range of fixed income assets, so Insight engaged with MSCI to see if they could provide reliable carbon metrics across ABS assets.

As a result, MSCI is engaging with a number of industry participants in this area to help guide their objectives.

Insight, LDI Total engagements: 16

Number of entities engaged:

4

Process:

Insight notes that their forms of engagement, though a key part of its credit analysis and monitoring, can be different in nature due to the long-term investment horizons for liability-driven investments, which impacts their business focus.

Example:

Insight has engaged with Morgan Stanley, a global financial services firm. This engagement was identified as part of Insight's benchmarking of their 25 largest banking counterparties to understand how ESG risks are managed by the organisations.

Insight's engagement with the bank focused on their disclosures on the impact of financing on natural capital and their commitment to decarbonisation initiatives via green and social bond issuance.

Insight felt the financial firm didn't have a clear approach around how to deal with clients that are subject to the EU Deforestation Regulation. Insight communicated that they expect EU Deforestation Regulations to be part of the due diligence of clients going forward.



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