



# NASUWT Managed Pension Plan Implementation Report

5 April 2025

# Background and Implementation Statement

## Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change 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. The regulatory changes 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 Plan 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: [NASUWT Managed Pension Plan SIP | Isio](#)

## Implementation Report

This implementation report is to provide evidence that the Trustees continue 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 in the investment mandate
- voting behaviour covering the reporting year up to 5 April 2025 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf

### Summary of key actions undertaken over the Plan reporting year

- The Trustees implemented an update to the Plan's investment strategy by raising the liability hedging position from 90% of liabilities on a Technical Provisions basis to 100% on a Minimum Reserve basis. This was implemented in Q4 2024 using funds held in the Trustee Bank Account, which totalled c. £2.7m at the time of the trade.
- The Trustees are reviewing the ESG policy, and this will guide the selection process for a new investment fund manager. The Trustees are currently considering investments that have a positive impact on society. While the investment strategy is being considered, the Aegon ABS Fund received c.£8.6m of excess cash from the Plan's bank account.

### **Implementation Statement**

This report demonstrates that the Trustees of the NASUWT Managed Pension Plan have adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

**Signed**

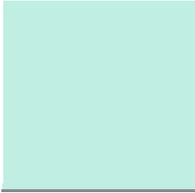
**Position**

**Date**

# 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 the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	The Plan has an LDI mandate in place to manage this risk.	<p>The Plan's hedging arrangements should be reviewed periodically to ensure they remain appropriate, especially after updated actuarial valuation results are finalised.</p> <p>In light of the strong funding position, the Plan increased its liability hedge over the reporting period from 90% on Technical Provisions to 100% on a Minimum Reserve basis. This was funded through surplus cash held in the Trustee Bank Account.</p>
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 within the diversified growth holdings and Trustee Bank Account to ensure there is a prudent buffer to pay member benefits as they fall due (including transfer values) and meet other liquidity requirements.	<p>No immediate action required, cashflow positive nature of the Plan is sufficient to meet ongoing liquidity needs.</p> <p>The Plan is well positioned from a liquidity perspective as it held c.29.1% of its total assets in its most liquid ABS mandates though this holding is expected to reduce as the funds temporarily allocated to ABS will be reallocated in line with the revised investment strategy under discussion post-year end. The Plan has a further c.£3.7m in the Trustee Bank Account,</p>
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 Trustees aim to diversify the Plan's holdings across sectors and asset classes and are satisfied the strategy remains suitably diversified.

Credit	Experiencing losses due to the default on payments due as part of a financial security contract.	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default.</p>	The Plan invests in a range of credit funds diversified across geographies and sectors.
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 Plan's investments.	<p>The Trustees recognise that positive ESG factors can have a positive influence on the long-term stability and returns of investments. However, mandates are selected with the purpose of maximising the chance of achieving the return objectives as set out in their mandates, which in combination aim to optimise the chance of achieving the Plan's overall strategic objective.</p> <p>The Trustees acknowledge responsibility for the voting and engagement policies that are implemented by the Plan's investment managers on their behalf. The Trustees, via their investment advisers, will engage with managers about 'relevant matters' at least annually.</p>	The Trustees are in the process of reviewing the ESG policy and are exploring the possibility of allocating to an impact fund. Post-period end, detailed discussions on this topic were ongoing.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	To largely invest in GBP share classes where possible to eliminate direct currency risk. To largely invest with managers that hedge any exposure to foreign currency risk in underlying holdings, except where active currency positions are held.	<p>All pooled funds held are denominated in GBP to manage direct currency risk.</p> <p>Underlying currency risk from positions denominated in foreign currencies is generally hedged. For example, the Plan's investments in the Partners Group MAC Funds aim to</p>



hedge c.95% of underlying  
foreign currency exposure  
back to Sterling.

# Implementing current ESG policy and approach

## ESG as a financially material risk

The SIP describes the Scheme’s policy regarding ESG as a financially material risk. The Plan has agreed a more detailed ESG approach which describes how it monitors and engages with the investment managers regarding the ESG polices. This page details the Scheme’s ESG approach. The next page details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

<b>Risk Management</b>	<ol style="list-style-type: none"> <li>Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Plan.</li> <li>ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee</li> </ol>
<b>Approach / Framework</b>	<ol style="list-style-type: none"> <li>The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.</li> <li>ESG factors are relevant to investment decisions in all asset classes.</li> <li>Managers investing in companies’ debt, as well as equity, have a responsibility to engage with management on ESG factors.</li> </ol>
<b>Reporting &amp; Monitoring</b>	<ol style="list-style-type: none"> <li>Ongoing monitoring and reporting of how asset managers manage ESG factors is important.</li> <li>ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training as required to develop their knowledge.</li> <li>The role of the Plan’s asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers’ investment decisions.</li> </ol>
<b>Voting &amp; Engagement</b>	<ol style="list-style-type: none"> <li>The Trustee will seek to understand each asset managers’ approach to voting and engagement when reviewing the asset managers’ approach.</li> <li>Engaging is more effective in seeking to initiate change than disinvesting.</li> </ol>
<b>Collaboration</b>	<ol style="list-style-type: none"> <li>Asset managers should sign up and comply with common codes and practices such as the UNPRI &amp; Stewardship code. If they do not sign up, they should have a valid reason why.</li> <li>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.</li> </ol>

# Engagement

As the Plan invests via pooled funds managed by external fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2025 (the closest quarter end date to the Plan's accounting year end date).

Fund name	Engagement summary	Commentary
Insight – Liquid ABS	<p>Total engagements: 60</p> <p>Number of different entities engaged: 55</p> <p>Note: In prior years no fund-level data was provided, therefore, figures represented firm-level engagements. This year the reporting was enhanced to include fund-level data; therefore, the figures represent fund-level engagement.</p>	<p>Insight has demonstrated a comprehensive selection and monitoring process for assessing ESG risks in counterparties.</p> <p>Examples of significant engagement include:</p> <p><b>Pepper</b> – Insight identified Pepper as an important company to engage with as they had no ESG criteria in place as part of their loan origination and underwriting process. Discussions had been ongoing for a number of years and additional conversations were held over Q4 2024, these were specifically around metric disclosures as part of their data collation and reporting transparency measures. Subsequently, Pepper agreed that disclosures needed to improve and would be looking to build on a number of ESG metrics in their upcoming annual reports. Insight also raised the issue of loan origination practices lacking an ESG framework. Pepper agreed that this was something they were reviewing.</p>
Insight - LDI	<p>Total engagements: 126</p> <p>Number of different entities engaged: 75</p>	<p>The mandate only invests in UK government bonds and derivatives (such as swaps) to obtain hedging exposure. As such engagement rights with the underlying issuer (i.e. the UK government) are limited. Instead, Insight's engagement focuses on liaising with counterparties/suppliers of leverage, and wider LDI market issues.</p> <p>When identifying material ESG risks, Insight engages with relevant companies and other issuers to understand the issues and exert influence on behalf of clients to encourage change. Some issues are too big to tackle alone, in which case they may collaborate with other stakeholders.</p> <p>Insight have not provided ESG engagement examples.</p>

Aegon – European ABS	<p>Total engagements: 109</p> <p>Number of different entities engaged: 87</p>	<p>Examples of significant engagements at the fund level include:</p> <p><b>Various Residential Mortgage-Backed Securities (RMBS) and consumer Asset-Backed Securities (ABS) issuers:</b> Aegon engaged with RMBS and consumer ABS originators to advocate for financial products that support environmental sustainability. They provided issuers with an ESG questionnaire and held multiple meetings to discuss areas for improvement. Positive feedback suggests Aegon’s influence has helped drive the growth of ESG-focused mortgage products, reinforcing their commitment to responsible investment and sustainable financial solutions in the market.</p>
Partners Group – Multi Asset Credit 2016 Fund	<p>During the reporting period, the Partners Group MAC 2016 Fund did not undertake any ESG-related engagements, which is consistent with its current phase of winding down operations.</p>	<p>To assist with the engagement on private companies in which they invest, Partners Group aim to have a seat on the advisory board of each company and formulate a dialogue with portfolio companies to monitor investment decisions.</p> <p>Partners Group has engaged on mostly debt realisation related issues over the period rather than environmental or social considerations.</p> <p>Partners Group were not able to provide ESG engagement examples.</p>
Partners Group – Multi Asset Credit V Fund	<p>During the reporting period, the Partners Group MAC V Fund did not undertake any ESG-related engagements, which is consistent with its current phase of winding down operations.</p>	<p>To assist with the engagement on private companies in which they invest, Partners Group aim to have a seat on the advisory board of each company and formulate a dialogue with portfolio companies to monitor investment decisions.</p> <p>Partners Group has engaged on mostly debt realisation related issues over the period rather than environmental or social considerations.</p> <p>Partners Group were not able to provide ESG engagement examples.</p>

Partners Group – Multi Asset Credit VI Fund	<p>During the reporting period, the Partners Group MAC VI Fund did not undertake any ESG-related engagements, which is consistent with its current phase of winding down operations.</p>	<p>To assist with the engagement on private companies in which they invest, Partners Group aim to have a seat on the advisory board of each company and formulate a dialogue with portfolio companies to monitor investment decisions.</p> <p>Partners Group has engaged on mostly debt realisation and corporate related issues over the period rather than environmental or social considerations.</p> <p>Partners Group were not able to provide ESG engagement examples.</p>
Partners Group - The Partners Fund	<p>The Partners Fund did not provide a breakdown of engagement.</p> <p>Note: Engagement data is as at 31 December 2024. This is due to the investment manager not having 5 April 2025 data available at the time this statement was produced.</p>	<p>Examples of significant engagements at a firm level include:</p> <p><b>Social related issues</b> – Partners Group integrates ESG priorities by aligning management and Partners Group specialist teams on material ESG factors for each business/stakeholder group. This drives identification of improvement areas and establishes clear ESG strategies. Key targets include <math>\geq 75\%</math> employee engagement, <math>&lt; 12\%</math> annual attrition and global pay/promotion equity. To ensure compliance, annual engagement surveys link findings to leadership goals and compensation. The Partners Group Academy continues to develop talent, and external audits are utilised to verify global pay equity.</p>

# Voting (for equity/multi asset funds only)

As the Plan invests in pooled funds via third party fund managers, the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 December 2024 (the closest quarter end to the Plan's reporting year-end). The managers also provided examples of any significant votes.

The Trustees have adopted the managers definition of significant votes and have not set stewardship priorities.

Fund name	Voting summary	Examples of significant votes	Commentary
The Partners Fund	<p>Meetings voted: 58</p> <p>Votes cast: 781</p> <p>Votes 'for' management: 695</p> <p>Votes 'against' management: 62</p> <p>Vote 'abstain': 8</p> <p>Note: The above voting data is as at 31 December 2024. This is due to the investment manager producing data bi-annually.</p>	<p><b>atNorth</b> - Partners Group have focused on scaling atNorth's sustainable data center operations while strengthening governance, energy efficiency, and circular economy initiatives. atNorth submitted its Science Based Targets initiative (SBTi) application in 2023, reinforcing its commitment to long-term carbon reduction. To further enhance the environmental impact, Partners Group supported the waste sorting rate improvement to 63.3%, with targeted 90% recycling by 2028, and introduced smart water meters across many sites.</p> <p>In relation to governance and compliance, atNorth successfully achieved ISO 14001 and ISO 27001 certifications, ensuring strong environmental and cybersecurity management.</p> <p>It should be noted that Partners Group have control of the board at atNorth</p>	<p>Partners Group's voting rights are a particularly useful tool for managing ESG risks within their private equity holdings, whereas their debt positions do not carry any voting rights and are more reliant on any engagement rights Partners Group can establish. As mentioned above for engagement, as a larger shareholder in smaller private companies, Partners Group's vote carries more weight and can drive more action than other managers can in larger public corporations.</p> <p>Private markets investments are the largest exposure within the fund, and these are typically held directly, where Partners Group controls the board and therefore direction/strategy of the business. The Partners Fund's exposure in listed equity is usually &lt;5%.</p>

