



**Redrow Staff Pension
Scheme
Implementation Report**
December 2023

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.redrowplc.co.uk/media/yjlnkhcc/redrow-sip-mar-2023.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 2023 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

In Q4 2022, the Trustees agreed to purchase a buy-in insurance policy with Phoenix Life Limited, trading as Standard Life, which covers the vast majority of the Scheme's liabilities. This transaction took place in January 2023. A small amount of residual assets is being held alongside the insurance policies and invested in Cash.

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.

Signed **Rachel Tranter for BESTrustees Limited**
Position **as Chair of Trustees**
Date **13/12/2023**

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

The SIP was updated during the year 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 were updated to 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 2023.

Fund name	Engagement summary	Commentary
Barclays	<p>Total Engagements: 457</p> <p>Environmental: 111</p> <p>Social: 185</p> <p>Governance: 118</p> <p>Other: 43</p>	<p>Barclays engagement with portfolio companies, in partnership with EOS, is conducted in the following way:</p> <ul style="list-style-type: none"> • The type of engagement and how often it happens, depends on the materiality of the risks and issues. • Barclays engage with companies in the pursuit of achieving objectives, which allows them to track the progress of their engagement, relative to the objectives set for each company. • Barclays conduct the majority of their dialogue with the board of directors, executive teams, corporate secretary, subject specialists or investor relations. • Barclays may increase the intensity of an engagement activity over time, depending on the nature of the challenges and the board's attitude to change. • Barclays tend to engage more actively where they believe it will lead to an increase (or limit a decrease) in a company's value over time. • Barclays prefer to conduct their engagement with companies privately. However, in the event they usual methods prove unsuccessful, they may escalate their engagement by speaking publicly at the company's AGM.
L&G LDI Funds	Total Engagements: n/a	<ul style="list-style-type: none"> • LGIM leverages the wider capabilities of the global firm to engage with companies. The team also regularly engages with regulators, governments, and other industry participants to address long term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.

		<ul style="list-style-type: none"> • LGIM were unable to provide the requested engagement data and specific examples at the Fund level. • In Q1 2023, LGIM noted that enhanced ESG counterparty reporting is a priority for delivery to clients, and LGIM are having internal discussions around how best to present this information in a meaningful way. LGIM provided an example of current thinking around this, with this detailing the LGIM ESG score for the counterparty, and engagement highlights.
L&G ARB Fund	Total Engagements: n/a	<ul style="list-style-type: none"> • LGIM were unable to provide the requested engagement data and specific examples at the Fund level.
L&G Cash Fund	Total Engagements: 8 Environmental: 5 Social: 0 Governance: 3 Other: 0	<ul style="list-style-type: none"> • LGIM were unable to provide the requested engagement data and specific examples at the Fund level.

Voting (for equity funds only)

As the Scheme invested via a fund manager during the year, the manager (in this case, Barclays) provided details on their voting actions including a summary of the activity covering the reporting year up to 30 June 2023.

Fund name	Voting summary	Commentary
Barclays	Total resolutions: 1218 In Favour: 1082 Against: 136	Barclays are continuing to improve their reporting however did not provide details on significant votes at the time of drafting this report.

