

The Pension Scheme of the Royal Star and Garter Home for Disabled Ex-service Men and Women

Implementation Statement

Purpose of this statement

This implementation statement has been produced by the Trustees of the Pension Scheme of the Royal Star and Garter Home for Disabled Ex-service Men and Women ("the Scheme") to set out the following information over the year to 31 December 2024:



how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year;

the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes;

This statement does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.



Conclusions

Overall, the Trustees do not have any material concerns with the ESG and Stewardship activities of the Scheme's holdings. As at 31 December 2024 the Scheme was invested in 100% protection assets and therefore has no voting rights attached to any investments.

Stewardship policy

The Trustee's SIP in force at 31 December 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2024 and has been made available online here: [Statement of Investment Principles](#)

The Trustees decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles where the Scheme's asset only represents a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the managers. Additionally, as at 31 December 2024, none of the Scheme assets were invested in assets with voting rights attached. Given the Scheme's time horizon to buy-out and plans to reduce the allocation overtime, the Trustees decided not to set stewardship priorities. However, the Trustees take the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- Each year the Trustees receive and review voting information and engagement policies from the asset managers, which they review to ensure alignment with their own policies.

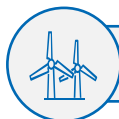
Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme's general stewardship policies.

Prepared by the Trustees of the Pension Scheme of the Royal Star and Garter Home for Disabled Ex-service Men and Women

April 2025

Voting Data

Voting only applies to any equities held in the portfolio. The Scheme divested from its equity holdings in February 2024, and therefore had no material voting rights over the year to 31 December 2024. The LDI, cash and credit with Insight Investment have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.



Engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Insight Investment

Fund name	Maturing Buy and Maintain Bond Fund 2021-2025	Maturing Buy and Maintain Bond Fund 2026-2030	Bonds Plus	Liquidity Plus Fund	Liquid ABS Fund	High Grade ABS
Number of engagements undertaken on behalf of the holdings in this fund in the year	97	97	76	7		c.40
Number of entities engaged on behalf of the holdings in this fund in the year	55	56	48	6	A total of c.50 engagements across the secured finance universe, the majority of which were engagements to improve data collection via their proprietary questionnaire. Of these, c.20 were meaningful engagements.	
Number of engagements undertaken at a firm level in the year				1,922		



Examples of engagement activity undertaken over the year to 31 December 2024

Insight Investment

Morgan Stanley-Q4 2024

Morgan Stanley provided answers to Insight's Counterparty Sustainability Assessment Questionnaire in Q2 2024. Insight have used these responses to conduct benchmarking of their 25 largest banking counterparties to understand how ESG risks are managed by the organisation. Insight produced a feedback report for the issuer which was based on comparing responses from the benchmarking exercise, where they analysed discrepancies between counterparty responses to the questions.

Insight engaged with the issuer to discuss their analysis on the issuer's responses to their counterparty ESG questionnaire where it has historically performed poorly. The engagement focused on issuer's disclosures on the impact of financing on natural capital, specifically deforestation, and the issuer's commitment to decarbonisation initiatives via green and social bond issuance

This engagement is aligned to SDG 13 Climate Action and SDG 14 Life Below Water.

In addition, the issuer's responses to the questionnaire indicated the issuer does not have a clear approach around how to deal with clients that are subject to the EU Deforestation Regulation, nor does it assess whether these clients are responsible for net-deforestation. The EU Deforestation Regulation can lead to fines for these clients and can create reputational risk for banks providing finance. Insight communicated to the issuer that they expect EU Deforestation Regulation considerations to be part of the due diligence of clients going forward. The issuer seemed appreciative of this feedback.

Insight asked the issuer if it plans to increase issuance of green and social bonds, having not issued either type of bond since 2020. The issuer confirmed it has a sustainable finance target of \$1 trillion by 2030, including \$750 billion toward low-carbon and green solutions. The issuer has made significant progress toward the goal, confirming it had financed around \$800 billion. Insight questioned why issuance of these bonds have stalled since 2020. The issuer stated the reason for the lack of issuance is client demand and operational issues related to such issuances.

However, the issuer stated it is working on making its green and social bond financing framework more robust. The issuer recently pledged support for nuclear power through publicly backing the COP28 goal of tripling the world's nuclear energy capacity by 2050, alongside several other large players in the banking and financial industry.

Whilst the issuer did not perform well in the counterparty questionnaire, due to weak policies and disclosures, it has actively engaged with Insight and provided access to several senior-level stakeholders at the bank. Insight appreciates the issuer facilitating a productive discussion.

Insight believes the issuer has made some progress in several areas, on sustainable financing and natural capability considerations. However, disclosures in these areas are poor, and the issuer has failed to set exclusions or highlight red lines for clients, particularly regarding deforestation. Insight have recommended that exclusions are implemented. Overall, they are comfortable that, despite some of the issues the corporation face, they are more engaged than some of their counterparts.