

ROYAL INSURANCE GROUP PENSION SCHEME

IMPLEMENTATION STATEMENT FOR YEAR ENDING 31 MARCH 2023

1. INTRODUCTION

This Statement has been prepared by the Trustee of the Royal Insurance Group Pension Scheme (“the Scheme”) to demonstrate how, and the extent to which, the policies relating to stewardship and engagement in the Scheme’s Statement of Investment Principles (“SIP”) have been implemented during the year to 31 March 2023 (the “Scheme Year”).

This Statement is based on, and should be read in conjunction with, the relevant SIPs that have been in place for entirety of the Scheme Year, these being those dated September 2020 and June 2022 (these applied from start of the Scheme Year to June 2022 and from June 2022 to the end of the Scheme Year respectively). The update in June 2022 was additive, building on the Trustee’s policies relating to stewardship and engagement in a number of areas.

In February 2023, towards the end of the Scheme Year, the Trustee purchased a number of bulk annuity policies (“buy-in policies”) from Pension Insurance Corporation (“PIC”) which, together with a pre-existing longevity swap, are designed to fund all members’ defined benefit payments as they fall due. A new SIP was put in place post the end of the Scheme Year (in April 2023) with this reflecting the arrangements following the buy-in transaction. The statement to be produced for the year ending 31 March 2024 will be based on this revised SIP.

The Statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and is in respect of the investments held by the Scheme.

2. STEWARDSHIP AND ENGAGEMENT POLICIES

The Statements of Investment Principles (“SIP”) referred to above sets out the Trustee’s policies relating to stewardship and engagement policy over the Scheme Year .

The Trustee believes that good stewardship can enhance long term portfolio performance and is therefore in the best interests of the Scheme’s beneficiaries and aligned with its fiduciary duty. The Trustee delegates responsibility for the implementation of the Scheme’s policy on stewardship including the exercise of voting rights and engagement activities to the Investment Sub Committee (“ISC”).

Investment managers are given full discretion in exercising rights and stewardship obligations relating to the Scheme’s investments, with investment managers expected to directly engage with the debt or equity issuers to improve the issuer’s performance on a medium to long-term basis. It is acknowledged that under the new regulations, trustees are required to set stewardship priorities. Whilst we support this, in light of the transaction outlined above, which has seen all assets sold or used to part fund the premium, priorities were not set for the year under review. PIC’s stewardship activities and priorities were however reviewed and were considered as part of the decision to select PIC as the Scheme’s buy-in provider.

All investment managers are expected to monitor investee companies and engage with management on all relevant stewardship matters including but not limited to performance, strategy, capital structure, risks, management of actual or potential conflicts of interest, social and environmental impact and corporate governance. Furthermore, the Trustee encourages its investment managers to work collectively with other managers when practical.

The Scheme’s stewardship and engagement policies are reviewed as part of the review of the Scheme’s SIP. The SIPs in place over the Scheme Year as referred to above can be found at [RIGPS SIP 2020](#) and [RIGPS SIP 2022](#) respectively. As mentioned above, a subsequent review of the SIP has taken place post the end of the Scheme Year end and the resulting SIP (dated April 2023) can be found at: [RIGPS SIP 2023](#)

3. IMPLEMENTATION OF STEWARDSHIP AND ENGAGEMENT POLICY

Set out below are details of how the policies in place over the Scheme Year have been implemented. The policies shown are those outlined in the June 2022 SIP which, as mentioned above, build on the policies in the September 2020 SIP.

Policy	Comments for the year to 31 March 2023
<p>Investment managers are given discretion in exercising rights and stewardship obligations relating to the Scheme's investments. However, the Trustee, via the ISC, will engage with managers to ensure it is satisfied with their approach to these areas. The Trustee expects all of the Scheme's investment managers to monitor investee companies and engage with management on relevant stewardship matters. Furthermore, the Trustee encourages the Scheme's investment managers to work collectively with other investors when practical.</p>	<p><i>The ISC has delegated its voting rights to the investment managers. The ISC does not use the direct services of a proxy voter.</i></p> <p><i>Over the Scheme Year, the majority of the Scheme's investments were in fixed income instruments and the Scheme had only a modest holding in passive equity investments through pooled vehicles with this being sold in full part way through the Scheme year. As such, the ISC's focus has been on the engagement activity of the Scheme's investment managers as opposed to voting activity. Where the Scheme holds investments via pooled vehicles (which was relevant to all equity holdings and a number of other holdings), the ISC has recognised that it has less scope to influence manager policies.</i></p> <p><i>Where voting activity has been undertaken (principally by the Scheme's passive equity manager), data has been collated and a summary of this voting activity is included in Section 4 of this Statement.</i></p> <p><i>The ISC is satisfied that voting and engagement by all managers has taken place.</i></p>
<p>The Trustee requires all appointed investment managers to report regularly and disclose all voting and engagement activity undertaken on the Scheme's behalf. The Trustee, via the ISC, monitors the approach of each investment manager and may engage with them as part of its stewardship monitoring process or, potentially, as a particular stewardship matter is brought to its attention. The Scheme has not had, and does not expect to have, direct engagement with issuers or other holders of debt or equity.</p>	<p><i>Investment managers have provided sufficient detail on engagement activity (and voting where relevant) through the Scheme Year and specifically in the course of the production of this Statement.</i></p> <p><i>A key focus over the Scheme Year was on how the Scheme's investment managers incorporate Environmental, Social & Governance ("ESG") factors into their investment processes. As part of this, the ISC has considered the managers' approach to stewardship and engagement activities.</i></p> <p><i>The Trustee was comfortable on the basis of the reporting received that engagement activity and voting by the managers was aligned with the Trustee's policies. PIC's approach to engagement was reviewed as part of the wider due diligence undertaken prior to the buy-in transaction.</i></p>
<p>The Trustee may look to remove mandates from asset managers that are inadequately managing their ESG or climate-related risks if attempts to engage with them to address this are not</p>	<p><i>The Trustee has not removed mandates from asset managers due to inadequate management of ESG or climate-related risks over the Scheme Year.</i></p>

successful. The Trustee aims to work collaboratively with managers and relevant industry stakeholders to set Scheme-wide objectives for the engagement activities that are carried out on the Trustee's behalf.	<i>The Trustee, via the ISC, has spoken with asset managers on climate related engagements and stressed the importance of providing carbon emissions data.</i>
The Trustee is supportive of the UK Stewardship Code 2020 ("the Code") published by the Financial Reporting Council and expects the Scheme's managers to comply with the Code. Such managers are required to report on the extent of their adherence to the UK Stewardship Code on an annual basis. Should any manager not achieve signatory status, the Trustee will seek to understand why.	<i>A majority of the Scheme's investment managers are signatories to the 2020 UK Stewardship Code. Of these managers, the Trustee is not aware of any that have reported instances of lack of adherence.</i> <i>PIC are a signatory to the Code, following a successful 2023 application covering their 2022 stewardship activities.</i>
The Trustee expects the Scheme's investment managers to have effective policies addressing potential conflicts of interest in matters of stewardship. These will be reviewed periodically.	<i>The majority of managers do have policies in place. Where policies do not exist, this typically coincides with not being a signatory to the UK Stewardship Code 2020.</i> <i>PIC has a policy covering conflicts of interest relating to stewardship.</i>

4. VOTING ACTIVITY

Over the year to 31 March 2023, the Scheme has invested in the following funds which included allocations to single-name listed equity:

- BlackRock passive equity fund range
- Man Group Progressive Diversified Risk Premia Fund

Both of these mandates were terminated during the Scheme Year.

A summary of the voting activity undertaken in respect of the Scheme's equity holdings by BlackRock and Man Group is summarised in the tables overleaf. Note voting records cover the full year, as opposed to the partial year to the point of the respective disinvestments and include voting on management and shareholder proposals.

Voting Activity	BlackRock Canadian Equity Index Fund	BlackRock European Equity Index Fund	BlackRock Israel Equity Index Fund	BlackRock Japanese Equity Index Fund	BlackRock Pacific Rim Equity Index Fund
<i>No. of meetings eligible to vote during the period</i>	49	504	96	497	473
<i>No of resolutions</i>	735	8,994	803	6,176	3,317

<i>eligible to vote during the period</i>					
<i>% of resolutions voted</i>	100%	76%	100%	100%	100%
<i>% of resolutions of those voted where voted with management</i>	99%	87%	88%	97%	88%
<i>% of resolutions of those voted where voted against management</i>	1%	12%	11%	2%	11%
<i>% of resolutions of those voted where abstained</i>	0%	1%	3%	0%	0%

Voting Activity	BlackRock US Equity Index Fund	BlackRock UK Equity Index Fund	BlackRock Emerging Markets Equity index Fund	Man Group Progressive Diversified Risk Premia Fund
No. of meetings eligible to vote during the period	594	1,112	4,421	706
No of resolutions eligible to vote during the period	7,321	14,860	37,097	8,066
<i>% of resolutions of those voted where voted</i>	99%	99%	99%	97%
<i>% of resolutions of those voted where voted with management</i>	95%	93%	87%	85%
<i>% of resolutions of those voted where voted against management</i>	4%	6%	12%	14%
<i>% of resolutions abstained¹</i>	0%	1%	2%	1%

Source: BlackRock, Man Group

¹ BlackRock have advised that where figures do not total 100% this is due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, but also as a vote of 'Abstain' is considered a vote against management.

In addition, the Scheme has had allocations to pooled credit funds which may hold convertible bonds over the year; all terminated over the Scheme Year. On conversion, such bonds would have voting rights. The

pooled credit fund managers of relevance and the reasons why information on voting rights is not provided for the year to 31 March 2023 are set out below:

- CQS – no votes over the year to 31 March 2023 relating to convertible bonds following conversion;
- PIMCO – no convertible bonds converted over the year;
- Towers Watson Investment Management (“TWIM”) – the expectation is that managers sell such holdings on conversion and therefore do not vote. Given this, and the size (convertibles are less than 1% of the Fund), voting activity is not monitored; and,
- Wellington - no securities with voting rights were held.

BlackRock uses Institutional Shareholder Services’ (ISS) electronic platform to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer any meetings where additional research and possibly engagement might be required to inform our voting decision.

BlackRock also subscribes to research from the proxy advisory firms ISS and Glass Lewis. This research is primarily used to synthesise corporate governance information and analysis into an easily reviewable format. BlackRock do not follow all recommendations from ISS and Glass Lewis but use information provided to inform decision making.

Man Group utilises Glass Lewis as its proxy voting provider and votes using its custom voting policy, in consultation with research provided by Glass Lewis and Man Group’s firm-level Stewardship team.

Both BlackRock and Man Group have been asked for a description of the process followed for determining most significant votes. These descriptions differ by manager and are set out overleaf:

Manager	Process for determining significant votes
BlackRock	BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. BlackRock’s year-round engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes identified in turn shape BlackRock’s Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.
Man Group	The Man Group proxy voting framework comprises a bespoke screening system that identifies ‘high-value meetings’. This screening combines the ESG rating from a third-party provider with an internal metric on deemed importance of the meeting. If a company falls below a certain threshold score in any area (ESG rating) and / or is considered materially important based on the % of shares outstanding held by Man or by the relevant fund’s assets under management, the meeting will be flagged to the stewardship team and be considered ‘high-value’. In addition to this, all meetings with shareholder proposals are flagged to the stewardship team and reviewed.

The Trustee is comfortable with these assessments of what amounted to a significant vote and so, given the BlackRock and Man holdings represented a small proportion of Scheme’s assets, and these holding were sold in full during the year, the conclusion was reached that more detailed reporting on this issue would not be appropriate.

September 2023