

Advice on the annual Implementation Statement

Allianz Retirement and Death Benefits Fund

Issued on 4 June 2025

This note has been prepared for the Trustee of the Allianz Retirement and Death Benefits Fund (the “Fund”) in response to your request that we provide a draft Implementation Statement (“IS”) for the Fund.

Background and introduction

There is a requirement for most trust-based defined benefit (“DB”) and defined contribution (“DC”) pension Schemes to produce an IS which covers the report and accounts year (which is the 12 months to 31 March 2025 for the Fund).

The Department for Work and Pensions (“DWP”) issued [Statutory Guidance](#) in June 2022 which applies to any IS that Trustees are required to prepare in respect of any Scheme year ending on or after 1 October 2022. The guidance gives an overview of the items which Trustees “must”, “should”, are “encouraged”, “could” or “may” include in their IS.

“Must” items are requirements imposed by legislation. “Should” items are expected to be followed, and if not followed, trustees should describe concisely the reasons for deviating from the guidance approach. For “Could”, “May” and “Encouraged” items, it is hoped that trustees will address them where possible but they are not expected to explain reasons if not followed. We have included all “must” and “should” items and some “could” items.

The guidance states that the Pensions Regulator is the primary audience for the IS, but it should be written in plain English as far as possible so that members could reasonably interpret and understand the disclosures. Trustees are encouraged to consider producing member-facing summary versions of the IS (with signposting to the full IS). Please let us know if you would like us to prepare a “member friendly” summary version of the IS.

The DWP has stated that it is important that Trustees understand and consider financially material Environmental, Social and Governance (“ESG”) factors and stewardship approaches in their investment decisions.

For DB Schemes without a DC section (such as your Fund), the IS should set out how, and the extent to which, Trustees have followed the **voting and engagement policies** in the Statement of Investment Principles (“SIP”) during the period in question. In addition, Trustees should seek to demonstrate that they have had regard to the Statutory Guidance.

The IS is also required to include a description of the voting behaviour by, or on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) during the year and state any use of the services of a proxy voter. As the Fund didn’t own any assets which had voting opportunities over the period, this requirement is not relevant for this Statement.

The DWP’s guidance states: “*where Trustees use the voting policy of the asset manager, they should briefly summarise in the IS whether the asset manager’s voting behaviour was aligned with the Scheme’s stewardship priorities*”.

Key points

We have produced the draft IS in this note based on our understanding of the regulatory requirements and the DWP’s stewardship guidance. Ultimately it is the Trustee’s responsibility to produce a compliant IS and the Pensions Regulator can impose fines for non-compliance. Therefore, **you may wish to obtain legal advice to ensure that all requirements have been met.**

There is interest in the IS from the Pensions Regulator, policymakers, and the media; as such **please ensure you are comfortable with the content being in the public domain.**

The Fund’s investment managers have confirmed that **they did not hold any securities that had voting opportunities over the period covering 1 April 2024 to 31 March 2025**. This is expected given the nature of the residual funds the Fund invested in over the period. As you might expect, given the majority of the assets are now held in annuity policies, the IS is somewhat shorter and simpler than in previous years.

Next steps

We propose that you review the IS and include it within your Report & Accounts ending 31 March 2025 to comply with the relevant regulations. The Report & Accounts need to be finalised within seven months of the end of the Fund Year, ie by 31 October 2025.

You are required to publish your IS on a website for public access as soon as reasonably practicable after the Report & Accounts are signed off.

We expect you will use the same location for the IS as last year. It remains very important that the website is readily and publicly available. A specific web address for the location of the published materials on the internet must be included in members' Annual Benefit Statements (where members do not receive one, they must be sent a separate notification containing this information).

Please let us know if you have any questions or would like to discuss.

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Implementation Statement, covering the Fund Year from 1 April 2024 to 31 March 2025 (the “Fund Year”)

The Trustee of the Allianz Retirement and Death Benefits Fund (the “Fund”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Fund Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. We note that there were no voting opportunities for the Fund’s assets over this period, and this is detailed below in Section 3.

In preparing the Implementation Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

It is worth understanding the Fund’s strategy to put the Trustee’s engagement activities into context. The Fund’s strategy is to insure all member benefits with an insurer and this objective was achieved in March 2024, through the Fund’s second and final buy-in transaction. Following this, the Fund now has a residual investment allocation that includes one illiquid holding that is winding down over time, as well as a cash holding.

In this context, the Trustee’s strategy with regards to stewardship is centred around monitoring its managers and its buy-in provider.

Despite only holding a residual illiquid investment strategy that is winding down and a money market fund, the Trustee has sought to continue to follow DWP’s new guidance to the extent possible. For example, by reviewing its stewardship policy, specifically its chosen stewardship priorities, during the Fund Year, and ensuring that the Fund’s SIP accurately captures the Trustee’s policy. These are described further in the section below.

The Trustee has, in its opinion, followed the Fund’s engagement policies during the Fund Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments where applicable.

We note that as the majority of the Fund’s assets are now held in buy-in policies, the Trustee has no influence over the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and Environmental, Social, and Governance (“ESG”) consideration relating to these assets. As part of the insurer selection process the Trustee reviewed the ESG policies of the selected insurer and concluded that these were appropriate.

2. Engagement

For the Fund’s residual assets, the Trustee has delegated to the investment managers the exercise of rights attaching to investments. However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers as detailed below, noting the nature of the residual assets held.

As part of its advice on the selection and ongoing review of the investment managers, the Fund’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to engagement.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus engagement with its investment managers by setting the following stewardship priorities: **Board accountability, Tax, Cyber security, Privacy & data security, Biodiversity, Climate change, Low-carbon solutions, Health, Transparency, Income inequality, Diversity, Executive pay and Human rights.**

The Trustee chose these priorities because it believes they are market-wide areas of risk that are financially material for the investments and can be addressed by good stewardship. Therefore, the Trustee believes it is in the members’ best interests that the Fund’s managers adopt strong practices in these areas. The Trustee communicated these priorities to its managers within the previous Fund year ending 31 March 2024.

The Trustee is conscious that responsible investment, including engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve.

3. Description of voting behaviour during the Fund Year

The Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised, and the Trustee itself has not used proxy voting services over the Fund Year.

The Fund's investment managers have confirmed that they did not hold any securities that had voting opportunities over the period covering 1 April 2024 to 31 March 2025. This is expected given the nature of the residual funds that the Fund invested in over the period.