

AMNESTY INTERNATIONAL SUPERANNUATION SCHEME: DB SECTION

Annual Engagement Policy Implementation Statement 1 October 2021 to 30 September 2022

Introduction

This statement sets out how, and the extent to which, the Stewardship Policy and related policies on Environmental, Social and Governance (“ESG”) factors and Climate Change set out in the Statement of Investment Principles (‘SIP’) have been followed during the year to 30 September 2022 in relation to the DB Section of the Amnesty International Superannuation Scheme (the “Scheme”).

This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, as amended, and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set and which are set out in the SIP.

In order for the Trustees to ensure that they can meet their obligations to the beneficiaries both in the short and the long term without recourse to the Sponsoring Employer, they have entered into a buy-in policy with Legal and General Assurance Society Limited (LGAS).

LGAS is an insurance company authorised and regulated by the Prudential Regulation Authority. The policy has not been structured with an expected return in mind, but instead aims to exactly match the Scheme’s benefit obligations.

The Scheme has no non-insured liabilities and no residual invested assets.

Review of the SIP

The SIP was updated on 7 January 2022 to reflect the purchase of the buy-in policy with LGAS to secure the liabilities for the Scheme’s members. The policy was incepted on 22 November 2021.

A copy of the SIP is available at the following link:

<https://www.amnesty.org/en/documents/org20/5558/2022/en/>

As the buy-in policy has been in place for most of the Scheme Year, this Statement focuses solely on the position following the implementation of the buy-in.

Scheme’s Investment Structure

The Scheme's only investment is a buy-in policy with LGAS, which pays to the Scheme an amount equal to the contractual payments specified under the policy. The Trustees have no ability to influence how LGAS invests the assets underlying the buy-in policy.

The Trustees are working towards the wind up of the Scheme, and it is intended that the buy-in policy will be converted to a buy-out policy and written into the names of the individual members as part of the winding up of the Scheme.

The lifetime of the Scheme is therefore expected to be very short.

Assessment of how the policies in the SIP have been followed for the year to 30 September 2022

The information provided in the following section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the DB section of the Scheme.

In the opinion of the Trustees, the SIP has been followed during the year.

	Requirement	Policy	In the year to 30 September 2022
1	Securing compliance with the legal requirements about choosing investments	<i>The Trustees obtain advice from their investment adviser, who can provide expert advice enabling the Trustees to choose investment vehicles that can fulfil the Scheme's investment objectives. In the Trustees' opinion this is consistent with the requirements of Section 35 of the Pensions Act 1995.</i>	<p>Changes were made to the Scheme's investment strategy to purchase a buy-in policy with LGAS to ensure that the Trustees can meet their obligations to the beneficiaries both in the short and the long term without recourse to the Sponsoring Employer.</p> <p>The Trustees confirm that advice was received from its investment advisor in relation to the purchase of a buy-in policy with LGAS.</p>
2	Kinds of investments to be held and balance between different kinds of risks	<i>The Trustees are permitted to invest across a wide range of asset classes, including, but not limited to a buy-in policy.</i>	<p>The Scheme's sole investment is a buy-in policy with LGAS.</p> <p>LGAS is responsible for paying the cashflows to the Scheme's equal to the Scheme's liabilities as set out within the buy-in policy agreement.</p> <p>LGAS solely determines the underlying asset allocation backing the buy-in policy and the Trustees are not responsible for overseeing the underlying asset allocation of LGAS.</p>
3	Risks, including the ways in which risks are to be measured and managed	<p><i>The Trustees recognise risk (both investment and operational) from a number of perspectives in relation to the DB section of the Scheme.</i></p> <p><i>Should there be a material change in the Scheme's circumstances, the Trustees will review whether and to what extent the investment arrangements should be altered, in</i></p>	<p>As detailed in Section 5 of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>The Trustees have invested in a buy-in policy with LGAS to remove the investment related risks associated with the Scheme and to minimise the risk of benefits not being paid to members as and when they fall due.</p>

		<i>particular whether the current risk profile remains appropriate.</i>	
4	Expected return on investments	<i>The Scheme's assets are expected to provide an investment return commensurate with the level of risk being taken.</i>	The LGAS buy-in policy has not been structured with an expected return in mind, but instead aims to exactly match the Scheme's benefit obligations.
5	Realisation of investments	<i>The Trustees' administrators will realise assets following member requests on retirement or earlier where required.</i> <i>The Trustees consider the liquidity of the investment in the context of the likely needs of members.</i>	As previously mentioned, LGAS is responsible for paying the cashflows to the Scheme's equal to its liabilities as set out within the buy-in policy agreement. This ensures that the Trustees can make benefit payments to the members.
6	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<i>The Trustees understand that they must aim to consider all factors that have the ability to impact the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, Environmental, Social and Governance (ESG) factors.</i> <i>The Trustees recognise that ESG factors, including climate change, can influence the long term investment risk and return outcomes of the Scheme's portfolio and in normal circumstances it</i>	As the Trustees have entered into a buy-in policy with an insurer, they are satisfied that it is no longer appropriate to embed ESG considerations into the Scheme's investment strategy.

		<i>would be in members' and the Scheme's best interests that these factors are taken into account within the investment process and that ESG risks are identified and managed appropriately.</i>	
7	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<i>Member views and non-financially material issues are not currently explicitly taken into account in the selection, retention and realisation of investments.</i>	<p>The Trustees only consider factors that are expected to have a financial impact on the Scheme's investments and on this basis selected a buy-in policy with LGAS.</p> <p>The Trustees do not explicitly take into account non-financial matters in the selection, retention and realisation of investments.</p>
8	The exercise of the rights (including voting rights) attaching to the investments	<p><i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i></p> <p><i>If the Trustees are specifically invited to vote on a matter relating to corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.</i></p>	<p>The Scheme has no control over the underlying assets in which LGAS invests, and therefore the Trustees have no ability to influence the voting policy of LGAS.</p> <p>The Trustees have therefore concluded that the decision on how to exercise voting rights should be left with LGAS, which will exercise these rights in accordance with its published corporate governance policies.</p> <p>Over the Scheme year, the Trustees have not been asked to vote on any specific matters and have therefore not cast any votes.</p>

9	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustees would monitor and engage with relevant persons about relevant matters)	<p><i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i></p> <p><i>Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.</i></p>	As noted earlier, the Scheme has no control over the underlying assets in which LGAS will invest and no ability to influence how LGAS engages with the companies in which it invests on matters relating to ESG, Stewardship or Climate Change.
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