

KeyMed Pension and Assurance Scheme (“the Scheme”)

Annual Statement regarding governance for the year ended 5 April 2025

Under legislation set out in regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the ‘Administration Regulations’), as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustees are required to prepare a statement showing how they have met certain minimum governance standards in relation to defined contribution benefits.

As Chair of Trustees, it is my pleasure to report to you on how the Trustees have embedded these standards over the period 6th April 2024 to 5th April 2025, taking account of the relevant updates since the requirements have been in place.

The statement covers four principal areas:

1. **Investment** with particular focus on the Scheme’s default investment arrangements, including asset allocations and performance-based fee disclosure.
2. **Internal controls**, with particular focus on the processing of core financial transactions.
3. **Value**, with particular focus on charges and transaction costs deducted from members’ funds, and the net return on investments.
4. **The knowledge and resources available to the Trustees**, including how the Trustees maintained the statutory levels of knowledge and understanding to govern the Scheme and how these help the Trustees ensure that the Scheme is governed effectively.

The DC benefits

The Scheme’s provision for DC members utilises the Scottish Widows investment platform and includes a range of self select funds and one lifestyle option with a choice of growth phase. The lifestyle option is targeted towards flexibility at retirement and utilise a growth phase consisting of one of the following, based on member selection: Moderate Growth Fund (the default) or Growth Fund or High Growth Fund. The de-risking phase is designed to protect member savings alongside maintaining a growth target when approaching retirement, it utilises the Defensive fund for this purpose.

The Scheme also holds a legacy AVC policy with Standard Life.

This Statement will be published at <https://www.olympus.co.uk/company/en/news/publications> and the information with regards to cost disclosures will be signposted in the annual benefit statements.

1. Default investment arrangement

The current default investment arrangement

Members of the DC section of the Scheme who do not make an explicit choice regarding the investment of their funds will be automatically invested in the Scheme's Moderate Growth Lifestyle Option (the default arrangement).

The default arrangement's growth phase (Moderate Growth Fund) invests in equities and other growth-seeking assets. These investments are expected to provide above-inflationary return over the long term with some downside protection in the event of market falls.¹ The downside risk from an equity market downturn is mitigated through diversification away from equities.

Five years before a member's selected retirement age, assets from the Moderate Growth Fund will then gradually switch to the Defensive Fund (which reflects an asset allocation consistent with flexible retirement income access).

The most recent review of the default investment arrangement

The Trustees are responsible for selecting the default investment arrangement for the Scheme, including the at-retirement asset-allocation. The last full review of the default investment arrangement was completed in 22 February 2023. The review was aligned with, and gave due consideration to, the aims and objectives of the Statement of Investment Principles (SIP). As a result of the review, the Trustees confirmed that they believe that the Scheme's investment strategy continues to be appropriate. The Trustees' next planned review of the default investment arrangement would normally be scheduled for the first quarter of 2026, however post year end the Trustees are considering the future of the DC Section due to the sponsor's appointment of a Master Trust for ongoing pension provisions from 1 October 2025.

The Trustees' Statement of Investment Principles dated February 2024 in relation to the Scheme's default investment arrangement is appended to this Statement. This covers the Trustees' aims and objectives in relation to the default investment arrangement as well as the Trustees' policies in relation to matters such as risk, diversification, Environmental, Social and Governance (ESG) factors and climate change. It also states the investment principles the Trustees seek to follow for the default investment arrangement.

a) Asset Allocation

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 ("the 2023 Regulations") introduced a requirement for trustees and managers of certain occupational pension schemes to disclose their full asset allocations of investments from their default arrangements.

There have been no performance-based fees in respect of the DC investments being charged during the year.

The tables below set out the full asset allocations for the Scheme's default arrangement which has been calculated in accordance with statutory guidance.

¹ While the growth phase aims to provide above inflationary returns over the long term, this may not be the case over shorter-term time periods, particularly over periods where inflation is high.

Default strategy	Asset Allocation (%)			
	Percentage allocation – average 25 years	Percentage allocation – average 45 years	Percentage allocation – average 55 years	Percentage allocation – 65 years (NRD)
Cash	0.4	0.4	0.4	8.9
Corporate Bonds	19.9	19.9	19.9	29.5
Government Bonds	27.0	27.0	27.0	38.5
Other Bonds	1.5	1.5	1.5	4.8
Listed Equity	43.2	43.2	43.2	12.3
Private Equity	0.0	0.0	0.0	0.0
Property	0.9	0.9	0.9	1.0
Infrastructure	0.0	0.0	0.0	0.0
Private Debt	0.0	0.0	0.0	0.0
Other	7.1	7.1	7.1	5.0

Source: Mercer Workplace Savings as at 31 March 2025. Numbers may not sum exactly to 100% due to rounding.

Notes:

Normal Retirement Age for the Scheme is age 65.

The following describes the types of investments covered by the above asset classes:

- **Cash** – Cash and assets that behave similarly to cash e.g. treasury bills and repurchase agreements.
- **Bonds** – Loans made to the bond issuer, usually a government or a company, to be repaid at a later date. This includes Corporate and Government Bonds and other Bonds.
- **Listed Equity** – Shares in companies that are listed on global stock exchanges.
- **Private Equity** – Unlisted equities that are not publicly traded on stock exchanges.
- **Infrastructure** – Physical structures, facilities, systems, or networks that provide or support public services.
- **Property** – Real estate, potentially including offices, retail buildings which are rented out to businesses.
- **Private Debt** – Other forms of loan that do not fall within the definition of a 'Bond'.
- **Other** – Any assets that do not fall within the above categories. This includes Alternatives, Commodities, Absolute Return Funds and Volatilities.

b) Additional Voluntary Contributions (AVCs)

The Trustees are also responsible for a legacy Additional Voluntary Contribution (AVC) policy for the Defined Benefit Section members invested with Standard Life. The Trustees do not operate a default investment arrangement within the meaning of Pensions Act 2008 in relation to their AVC policy. For this reason, the Trustees believe that the disclosures required in the Regulations regarding default investment arrangements are not applicable to the AVCs. For the same reason, the Trustees' Statement of Investment Principles does not contain wording relating to default investment arrangements in relation to the AVCs.

This Standard Life AVC policy is closed to new members and further contributions. Active members of the Scheme wishing to pay AVCs can do so through the DC Section.

c) Statement of Investment Principles

In accordance with the Administration Regulations, the Trustees have appended the latest copy of the Statement of Investment Principles (the 'SIP') prepared for the Scheme in compliance with Section 35 of the Pensions Act 1995 and regulation 2 / regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005. During the year, there were no changes made to the SIP. The relevant version of the SIP that was in place for the year is dated February 2024.

The SIP covers the following key matters in relation to the default arrangement:

- The Trustees' aims and objectives in relation to the investments held in the default arrangement;
- The Trustees' policies on issues such as: the kinds of investments to be held; the balance between different kinds of investments; risks, including the ways in which risks are to be measured and managed; the expected return on investments; the realisation of investments; and the extent (if at all) to which social, environmental or ethical considerations are taken into account when selecting, retaining or realising investments;
- An explanation of how these aims, objectives and policies (which together form the Trustees "default arrangement") are intended to ensure that assets are invested in the best interests of members whose benefits are invested in the default arrangement.

The Trustees have completed a SIP Implementation Statement for the Scheme year, which covers how the Trustees monitored the stewardship and engagement activities of the investment managers. A copy of the Implementation Statement can be found at <https://www.olympus.co.uk/company/en/news/publications> along with this statement.

A copy of the latest SIP is appended to this Chair's Statement and is available at: <https://www.olympus.co.uk/company/media/content/pages/newsroom/publications/uk/2024/sip-main-february-2024.pdf> and will be signposted in the annual benefit statements, which are issued by the Administrator, Aptia.

2. Internal Controls

The Trustees are required to explain to you how they ensure that core financial transactions are processed promptly and accurately. Core financial transactions include:

- Investment of contributions paid to the Scheme;
- Transfer of members' assets into and out of the Scheme;
- Transfers of members' assets between different investment options available in the Scheme; and
- Payments from the Scheme to or in respect of members.

a) Timescales

The Scheme's Administrator, Aptia, are subject to a formal Service Level Agreement (SLA). The Trustees have agreed target timescales for the processing of all member-related services, including core financial functions relating to contribution handling, quoting and paying benefits for the activity carried out by Aptia. The Trustees, after taking advice, believe that these target

timescales are in line with industry best practice and are well within any applicable statutory timescale.

The Service Level Agreements relating to core financial transactions activity carried out by Aptia, are set out below:

Transaction	Service Level Agreement (SLA)
Leaver processing	8 days
Investment Transactions	4 days
Retirement settlement	10 days
Transfer Out	10 days
Transfer In	10 days
Death settlement	2 days
UFPLS	10 days

The table below shows the SLA scores for each of the DC core financial transactions undertaken during the period from 1 April 2024 to 31 March 2025.

Core Financial Transaction	Service Level Agreement (SLA) (%)
Death settlement	No cases during the period
Retirement settlement	100%
Transfer in settlement	100%
Transfer out settlement	100%
UFPLS	100%
Leaver	100%
Total core financial transactions	100%

The Trustees have reviewed the administration services provided to the members of the DC Section over the period and concluded that overall, core financial transactions were processed promptly and accurately. The overall DC section SLA for the 12-month period from 1 April 2024 – 31 March 2025 was 99%, which includes all cases not just core financial transactions. As part of this review, it was noted that all core financial transactions were completed within agreed processes and timescales.

b) Accuracy

The requirements of regulations also require core financial transactions to be accurate. The following controls are in place to ensure accuracy:

- The Trustee has appointed Aptia as the Scheme Administrator. Aptia are professionals who are responsible for undertaking the monthly contribution remittance and investment of contributions. These are monitored separately by the Trustees. The Trustees can confirm that no significant issues were raised or identified during the year.
- Aptia keeps the Trustees advised of the status of work volumes and expectations for performance against the service levels agreed, along with the actions taken to continue to provide their services.

- Aptia records all member transactions and benefit processing activities in a work management system, which assigns the relevant timescale to the task.
- The process adopted by Aptia includes daily monitoring of bank accounts, a dedicated contribution processing team and two individuals checking all investment and banking transactions.
- Members have access to an online portal that enables them to conduct their own checks of accuracy in relation to financial transactions such as contribution payments and investment switches.
- As a wider review of Aptia, the Trustees receive Aptia's assurance report on internal controls, which is designed to show how Aptia conducts business and controls the risk environment in the provision of their services. During the Scheme year, the report received was for the period 1 January 2024 to 31 December 2024 and noted the Independent Service Auditor's opinion that, in all material aspects, its controls were suitably designed and those tested operated effectively.
- The Scheme's risk register details the risks to members that the Trustees have identified and it is monitored and reviewed by the Trustees on at least an annual basis.

The services provided by the AVC policy provider, Standard Life, are not subject to a formal Service Level Agreement.

We are pleased that during the Scheme year there have been no material administration service issues, which need to be reported here by the Trustees. We also consider that the requirements for processing core financial transactions specified in the Administration Regulations have been met. We are confident that the processes and controls in place with the administrators are robust and will ensure that the financial transactions, which are important to members, are dealt with promptly and accurately.

3. Costs and charges

a) Charges and transaction costs

As required by the Administration Regulations, the Trustees are required to report on the charges and transactions costs for the investments used in the default investment arrangement as well as funds available as self-select options to members and assess the extent to which the charges and costs represent good value for members.

Charges relating to investment management are deducted from members' funds. The Scheme is used as a qualifying arrangement for automatic enrolment and as such must comply with regulations on charge controls introduced from April 2015. The Trustees confirm that the charges for the default investment arrangement are lower than the charge cap of 0.75% p.a.

The tables below show the total expense ratio (TER) and transaction costs of the funds in use as at the date of this Statement.

The charges and the transaction costs applicable to the default investment arrangement during the period are detailed below. It should be noted that the fund allocations will vary depending on a member's term to selected retirement age, meaning the TER may also change.

Default Fund Investments	Active/Passive	Total Expense Ratio (TER) % per annum	Transaction costs (%)
Mercer Moderate Growth	Active	0.28	0.13
Mercer Defensive	Active	0.31	0.13

Source: Scottish Widows as at 5 April 2025 for TER and for the period from 6 April 2024 to 5 April 2025 for transaction costs.

The funds in the default investment arrangement are also made available to members on a self-select basis. Additionally, five further funds are available to self-select members, shown in the table below.

Self Select Fund	Active/Passive	Total Expense Ratio (TER) % per annum	Transaction costs (%)
Mercer Growth	Active	0.26	0.14
Mercer High Growth	Active	0.27	0.15
Mercer Passive Sustainable Global Equity	Passive	0.13	0.02
BlackRock – Aquila MSCI World Index	Passive	0.08	0.00
BlackRock Sterling Liquidity	Active	0.14	0.01

Source: Scottish Widows as at 5 April 2025 for TER and for the period from 6 April 2024 to 5 April 2025 for transaction costs.

Notes: The aggregate transaction costs shown account for the impact of market movements between the placement of a request to buy or sell an investment and the execution of that request. As such, the aggregated transaction cost can be positive or negative.

The Total Expense Ratio consists principally of the manager's annual charge for managing and operating a fund but also includes the costs for other services paid for by the fund, such as the legal costs, registration fees and custodian fees. However, they exclude other costs that are also member borne and which can therefore have a negative effect on investment performance such as transaction costs and interest on borrowings.

Transaction costs are costs incurred by fund managers as a result of buying, selling, lending or borrowing investments. Transaction costs are not explicitly deducted from a fund but are captured in its investment performance (in other words, the higher the transaction costs, the lower the returns produced by a fund). The Financial Conduct Authority has provided guidance (in Policy Statement 17/20) to investment managers regarding calculations and disclosures of transaction costs. Due to the way in which transaction costs are required to be calculated, they can be

negative or positive in nature; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity.

These costs are taken into account by the fund managers when calculating the unit price for each of the funds but are not included in the Total Expense Ratios (TERs) quoted above. As a result, adding together the TER and additional transaction costs gives a more accurate indication of the costs of investing in a particular fund option.

The transaction costs are calculated on a methodology known as 'slippage cost'. This compares the price of the stocks being traded when a transaction was executed with the market price that applied at the point the transaction was requested. Market movements during any delay in transacting might be positive or negative and may outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage method can be negative as well as positive, but the Trustees would not expect this to be repeated every year.

b) Additional Voluntary Contributions (AVCs)

The Trustees are responsible for a legacy Additional Voluntary Contribution (AVC) policy for the Defined Benefit Section members invested with Standard Life. This Standard Life AVC policy is closed to new members and further contributions.

The Trustees are considering future AVC provisions due to the sponsor's appointment of a Master Trust for ongoing pension provisions from 1 October 2025.

Policies of members who invest with Standard Life are also subject to the following costs and charges.

Fund	FMC (% p.a.)	AE (% p.a.)	TER (% p.a.)	Transaction Costs (%)
Pension Millennium With Profits Fund*	1.00	*	*	0.041
Pension With Profits Fund*	1.00	*	*	0.026
Standard Life Managed Pension Fund	1.00	0.02	1.02	0.128
Standard Life Money Market Pension Fund	1.00	0.01	1.01	0.001
SL Jupiter Merlin Worldwide Portfolio Pension Fund	1.85	0.88	2.73	0.053
SL M&G Global Themes Pension Fund	1.81	0.08	1.89	0.153

Source: Standard Life, as at 31 March 2025.

Notes:

*For these with-profits funds, there is no explicit fund management charge or additional expenses. However, Standard Life do allow for a 1% AMC and transaction costs when calculating the bonus rates.

FMC = the annual management charge (AMC) plus charge for administration of the Scheme

AE = additional expenses

TER = FMC + additional expenses

The cost of any With-Profits guarantees are taken into the calculation of the annual bonus declaration each year. There is no explicit fund management charge or additional expenses for the unitised With-Profits funds, but when Standard Life calculates a member's With-Profits value, they take account of deductions for their costs. These deductions are broadly the same as the fund management charges and additional expenses for investment-linked funds with similar

assets. In addition to this, they may make deductions, which may vary, for the cost of guarantees provided by With-Profits business. These deductions may affect what a member receives, although Standard Life will not reduce a member's guaranteed benefits.

c) Impact of Costs and Charges

Using the charges and transaction cost data provided by Scottish Widows and in accordance with regulation 23(1)(ca) of the Administration Regulations, the Trustees have prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in the following (with the Scheme's relevant funds/strategies listed in brackets):

- The fund or strategy with the most members invested (Moderate Growth Lifestyle Option)
- The most expensive fund (Mercer Defensive Fund)
- The least expensive fund (BlackRock Aquila MSCI World Index Fund)

The illustrations that follow take into account the following elements:

- Initial savings pot size;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of charges on a typical active member's pension pot, we have provided the below illustrations, which accounts for all estimated member costs, including the TER, transaction costs and inflation.

Illustration 1: Active member invested in the DC fund range

Age	Most popular fund : Moderate Growth Lifestyle Option (Default)		Highest cost fund: Mercer Defensive Fund		Lowest cost fund: BlackRock Aquila MSCI World Index Fund	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
Starting age 18	£22,190		£22,190		£22,190	
19	£29,200	£29,100	£29,200	£29,100	£29,700	£29,600
20	£36,300	£36,000	£36,300	£36,000	£37,400	£37,300
25	£73,500	£72,100	£73,500	£72,000	£80,200	£79,900
30	£113,800	£110,400	£113,800	£110,100	£131,100	£130,200
35	£157,500	£151,200	£157,400	£150,500	£191,600	£189,800
40	£204,800	£194,400	£204,700	£193,400	£263,400	£260,200
45	£256,000	£240,400	£255,800	£238,900	£348,700	£343,500
50	£311,500	£289,300	£311,200	£287,200	£449,900	£442,000
55	£371,600	£341,200	£371,100	£338,300	£570,200	£558,500
60	£436,700	£396,300	£436,100	£392,600	£713,100	£696,300

65	£507,100	£454,400	£506,400	£450,100	£882,800	£859,200
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Notes

1. Values shown are estimates rounded to the nearest £100 at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. Inflation is assumed to be 2.5% p.a.
4. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Moderate Growth Lifestyle Option	0.28% p.a. for members 5 or more years from retirement, rising to 0.31% p.a. for members at retirement	0.11% p.a. for members 5 or more years from retirement; an average of 0.10% for members within 5 years of retirement and beyond	4.00% p.a.
Mercer Defensive Fund	0.31% p.a.	0.10% p.a.	4.00% p.a.
BlackRock Aquila MSCI World Index Fund	0.08% p.a.	Nil	6.00% p.a.

Charge and costs figures provided by Scottish Widows; growth rate assumptions provided by Mercer. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As such, the transaction costs shown above are an average of the costs provided for the five-year period 5 April 2020, except for BlackRock Aquila MSCI World Index Fund and Mercer Passive Sustainable Global Equity Fund that uses only the last four-year period to 5 April 2025.

5. Member demographics are assumed as follows:

Age	18 (youngest age of active membership)
Scheme Retirement Age	65
Starting Pot Size	£22,190 (median pot size of active membership)
Annual Contributions	18.0% p.a. (mode contribution rate of active membership)
Salary	£36,550 (median salary of active membership)

To illustrate the impact of charges on a typical deferred member's pension pot, we have provided the below illustrations, which accounts for all estimated member costs, including the TER, transaction costs and inflation.

Illustration 2: Deferred member invested in the DC fund range

Age	Most popular fund: Moderate Growth Lifestyle Option (Default)		Highest cost fund: Mercer Defensive Fund		Lowest cost fund: BlackRock Aquila MSCI World Index Fund	
	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
Starting age 40	£10,110		£10,110		£10,110	
41	£10,300	£10,200	£10,300	£10,200	£10,500	£10,500
45	£10,900	£10,700	£10,900	£10,700	£12,000	£12,000
50	£11,900	£11,400	£11,900	£11,400	£14,300	£14,100
55	£12,800	£12,100	£12,800	£12,100	£16,900	£16,700
60	£13,900	£12,900	£13,900	£12,800	£20,100	£19,800
65	£15,100	£13,700	£15,000	£13,600	£23,900	£23,400

Notes

1. Values shown are estimates rounded to the nearest £100 at end of each year and are not guaranteed.
2. Projected pension pot values are shown in today's terms.

3. Inflation is assumed to be 2.5% p.a.
4. Charges, transaction costs and estimated growth rates are assumed as follows:

	TER	Transaction costs	Growth rate assumptions
Moderate Growth Lifestyle Option	0.28% p.a. for members 5 or more years from retirement, rising to 0.31% p.a. for members at retirement	0.11% p.a. for members 5 or more years from retirement; an average of 0.10% for members within 5 years of retirement and beyond	4.00% p.a.
Mercer Defensive Fund	0.31% p.a.	0.10% p.a.	4.00% p.a.
BlackRock Aquila MSCI World Index Fund	0.08% p.a.	Nil	6.00% p.a.

Charge and costs figures provided by Scottish Widows; growth rate assumptions provided by Mercer. The Regulations require that where possible the transaction costs assumed in these illustrations are based on an average of the previous five years' transaction costs for each fund, where available. As such, the transaction costs shown above are an average of the costs provided for the five-year period 5 April 2025, except for BlackRock Aquila MSCI World Index Fund and Mercer Passive Sustainable Global Equity Fund that uses only the last four-year period to 5 April 2025.

5. Member demographics are assumed as follows:

Age	40 (median age of deferred membership)
Scheme Retirement Age	65
Starting Pot Size	£10,110 (median pot size of deferred membership assuming there are no further contributions)

d) Good value - member borne deductions

When assessing the charges and transaction costs which are payable by members, the Trustees are required to consider the extent to which these represent good value for members.

There is no legal definition of “good value”, so the process of determining good value is a subjective one. “Value” is not a straightforward concept to quantify and can be open to broad interpretation.

The Trustees, with support from our advisor, Mercer, have undertaken a value for money assessment. We have concluded that the Scheme’s overall benefits and options represent good value for money overall in comparison to the costs payable by members. The reasons underpinning this conclusion include:

- Charges are at or below the lower quartile of peer group fund charges available in the market, representing good value on a fees basis.
- Performance has been in line with or ahead of benchmark for the majority of the Scheme’s funds (6 out of 7) over the 5-year period to 31 March 2025. The Mercer Defensive has underperformed its cash + 1% p.a. benchmark over the 5-year period to 31 March 2025. This was largely driven by a challenging environment for fixed income assets and the sharp rise in interest rates seen over the period. Overall, we view the performance as reasonable over the 5-year period in light of the default strategy’s long term objectives, while acknowledging the multi-asset nature of the strategy has resulted in returns being behind wider equity markets over much of the assessment period.
- The DC Section offers a broad range of online tools and support, timely communications and administration response times largely within agreed SLAs.

Overall, the Trustees have concluded that good value for members is provided through the DC Section of the Scheme.

The members pay the administration and investment charges for the Standard Life AVCs.

e) Long-term net investment returns

Regulations introduced in 2021 require the Trustees to report on the net investment returns for the Scheme's default arrangement and for each fund which Scheme members are, or have been able to, select during the Scheme year. Net investment returns refer to the returns on funds minus all transaction costs and charges.

The table below sets out the net investment returns for the Scheme's default arrangement which has been calculated in accordance with the statutory guidance.

Default strategy	Annualised returns to 31 March 2025 (%)		
Age of member at start of period	1 year	5 years (p.a.)	10 years (p.a.)
25	3.0	5.6	5.3
45	3.0	5.6	5.3
55	3.0	5.6	4.9

Source: Scottish Widows. Performance shown net of all charges and transaction costs.

High Growth Lifestyle Option	Annualised returns to 31 March 2025 (%)		
Age of member at start of period	1 year	5 years (p.a.)	10 years (p.a.)
25	3.8	9.6	6.6
45	3.8	9.6	6.6
55	3.8	9.6	5.8

Source: Scottish Widows. Performance shown net of all charges and transaction costs.

Growth Lifestyle Option	Annualised returns to 31 March 2025 (%)		
Age of member at start of period	1 year	5 years (p.a.)	10 years (p.a.)
25	3.7	7.9	6.2
45	3.7	7.9	6.2
55	3.7	7.9	5.5

Source: Scottish Widows. Performance shown net of all charges and transaction costs.

The table below includes the net investment return for the Scheme's self-select funds:

Self-select funds	Annualised returns to 31 March 2025 (%)		
	1 year	5 years (p.a.)	10 years (p.a.)
Mercer Moderate Growth	3.0	5.6	5.3
Mercer Defensive	1.6	1.2	2.5
Mercer Growth	3.7	7.9	6.2
Mercer High Growth	3.8	9.6	6.6
Mercer Passive Sustainable Global Equity	2.8	7.0*	-
BlackRock Aquila MSCI World Index	5.1**	8.4*	-
BlackRock Cash	5.0	2.4	1.4

Source: Scottish Widows. Performance shown net of all charges and transaction costs. Performance of standalone self-select options is independent of age, therefore performance is shown in a different format to the lifestyle performance on the previous table.

* 5-year performance unavailable. Performance since Fund inception (19/10/2021) shown.

** There was a price swing on the Aquila MSCI World Index fund that overstated the fund performance by 0.1% over one year period.

The table below sets out the net investment returns for the Scheme's unit linked AVC arrangement with Standard Life which has been calculated in accordance with the statutory guidance.

AVC Unit Linked Funds	Annualised returns to 31 March 2025 (%)		
	1 year	5 years (p.a.)	10 years (p.a.)
Standard Life Managed Pension Fund	4.3	7.4	5.0
Standard Life Money Market Pension Fund	4.5	2.0	1.0
SL Jupiter Merlin Worldwide Portfolio Pension Fund	0.6	9.3	6.5
SL M&G Global Themes Pension Fund	0.4	11.3	8.5

Source: Standard Life.

All returns shown are cumulative performance using an annual geometric average, with gross income reinvested unless otherwise stated. Fund returns are net of all transaction costs and charges, adjusted for any scheme specific rebates or employer variations.

Performance information for the With-Profits funds was not available at the time of writing this Statement.

4. Trustee Knowledge and Understanding

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of knowledge and understanding that, together with professional

advice available to them, enables them to exercise their functions and duties in relation to the Scheme.

The law requires individual Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the Trustees to exercise the function in question. The Trustees believe they have sufficient knowledge of pension and trust law, as well as investment and funding principles to properly exercise their function.

The Trustees must also be conversant with the Scheme's own documentation. These are described in legislation as the trust deed and rules and statement of investment principles. The Trustees must also be conversant with any other document recording current policy relating to the administration of the Scheme generally. The Pensions Regulator interprets 'conversant' as having a working knowledge of those documents such that the Trustees can use them effectively when they are required to do so in the course of carrying out their duties Trustees.

The Trustees are required to disclose how these duties have been fulfilled and how their combined knowledge and understanding, together with the advice, which is available to them, enables them to properly exercise their duties and responsibilities.

Training

Trustee training is of high importance to the good running of the Scheme. The Trustees acknowledge how important it is that they maintain their knowledge of pension law, trust law and investment principles, and are conversant with the Scheme documentation including the Trust Deed and Rules, SIP and Scheme's policies.

In order to maintain this high level of knowledge, the Trustees have procedures and policies in place to ensure that they take personal responsibility for keeping up to date with relevant developments:

- All the Trustees have completed the Pension Regulator's Trustee Toolkit and any new Trustees are also required to complete this;
- Trustees undertake additional training to ensure that they keep up to date with changes in legislation, current issues and the latest developments relating to DC schemes;
- The Trustees maintain a training log that sets out individual and whole board-based training activity;
- Trustee training is considered as part of the annual calendar to determine any specific training and development needs, training sessions are then planned accordingly;
- Trustees carry out a self-assessment of training needs The Secretary to the Trustees reviews the self-assessments and arranges for training to be made available to individual Trustees or to the whole trustee body as appropriate;
- Training is also considered in relation to setting meeting agendas to ensure that the Trustees consider any gaps and incorporate training into their meetings on an ongoing basis;
- The Trustees' professional advisors attend all meetings and are asked to input into the agenda and deliver training as required;

- The Trustees receive advice from professional advisors, and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors.

Over the course of last year, the Trustees have demonstrated their continuous commitment to learning by undertaking training, including:

- Pension Dashboards: Deadlines and preparatory work (19 September 2024)
- Master Trusts: Company and Trustee responsibilities (19 September 2024)
- Master Trust Implementation; including asset transition and wind up considerations (18 March 2025)

Trustee induction

The Trustees have a robust training programme in place for newly appointed Trustees. Upon appointment, a Trustee is required to undertake an induction process. This includes reading and becoming conversant with all the key Scheme documents including the Trust Deed & Rules, and the SIP as well as completion of the Pensions Regulator's online Trustee Toolkit. The Trustee Toolkit must be completed within six months of appointment.

Utilising Advisers

The Trustees believe that the best run schemes utilise the combined skill and knowledge of both the Trustees and their professional advisers. The relevant skills and experience of those advisers are key criteria when evaluating adviser performance and selecting new advisers. Additionally, the following measures have applied during the period:

- The Trustees professional advisers (including their legal advisers) attend their formal meetings;
- The Trustee board contains individuals with wide ranging skills and experience, including pension experience;
- The Trustees receive briefings from their advisers on all legislative and regulatory developments at each meeting;
- The Trustees appoint legal advisers to advise on any legal questions in relation to the Trust Deed and Rules and pensions law; and
- The Trustee appoints administrators to administer the Scheme in accordance with the Trust Deed and rules and pensions law.

Assessing Effectiveness

The Trustees understand that having knowledge on the Trustee board and professional advice available needs to be used effectively in order for the Trustees to act properly. The Trustees will review and assess, on an ongoing basis, whether the systems, processes and controls across key governance areas are consistent with those set out in the Pensions Regulator's General Code of Practice.

The training programme is reviewed regularly to ensure the Trustees are up to date and any Trustee knowledge gaps are identified (by self review and advisers). Any identified knowledge gaps are addressed and the Trustees advisers will provide training on the necessary areas. The

evaluation of the Trustee's performance is also annually measured against the objectives of the annual calendar.

The Trustees believe their combined knowledge and understanding, together with the advice and support of their advisers, enables them properly to exercise their functions as Trustee of the Scheme.

The table below evidences how these knowledge requirements have been met during the year.

Requirement	How met
<p>Trustees must describe how, through the Scheme Year the Trustees have demonstrated a working knowledge of the trust deed and rules.</p>	<p>The Trustees are conversant with, and has a working knowledge of, the Trust Deed and Rules. If there are ever any ambiguities over the interpretation of the Rules legal advice is sought from the legal advisers, Stephenson Harwood, who attend Trustee meetings. All guidance and advice provided will have had respect to the relevant clauses in the Trust Deed and Rules and thereby help the Trustees remain conversant with the Rules and important powers and duties.</p> <p>The DC Section of the Scheme was governed by an Interim Deed which adopted the DC Section Booklet. Since this time, the DC Section Booklet has been updated by the Trustees in conjunction with their legal advisers. The Trust Deed & Rules (for both the Defined Benefit and DC Sections) has been consolidated and replaced the Interim Deed. During the period of this Statement, the Trustees reviewed and considered updates to the consolidated Deed in conjunction with their advisers. This was agreed with the Company and Fieldfisher, the Company's legal adviser, and executed by all parties as at 18 March 2025.</p>
<p>Trustees must describe how, through the Scheme Year the Trustees have demonstrated a working knowledge of the current SIP.</p>	<p>The Trustees are conversant with, and have a working knowledge of, the current SIP. The Trustees undertake regular training on investment matters and are confident they have sufficient knowledge of investment matters to be able to challenge their adviser if and when appropriate. The last SIP was approved by the Trustees on 20 February 2024 to include the policy in relation to illiquid assets in respect of Scheme's default investment arrangement. During the Scheme Year, there were no further changes made to the SIP.</p> <p>The SIP is appended to this Statement and is also available to review online at https://www.olympus.co.uk/company/en/news/publications/</p> <p>The Trustees annually assess how the policies of the SIP had been followed as part of the Implementation Statement.</p>
<p>Trustees must describe how, through the Scheme Year the Trustees have demonstrated a working knowledge of all documents setting out the trustees' current policies.</p>	<p>The Trustees have demonstrated a working knowledge of their current policies through their maintenance of an annual calendar, which incorporates a policy review schedule. This was a standing item at the meetings held on 19 September 2024 and 18 March 2025, where key policies and documents are reviewed in turn and updated if appropriate.</p>

	<p>During the Scheme year, the Trustees reviewed their Conflicts of Interest Policy, their Risk Register and their Cyber Security Policy.</p> <p>In September 2024 the Trustees updated their ESOG checklist and this was discussed at their meeting.</p>
Trustees must describe how, through the Scheme Year the Trustees have demonstrated that they have sufficient knowledge and understanding of the law relating to pensions and trusts.	<p>The Trustees' advisers, Mercer, attended each meeting (19 September 2024 and 18 March 2025), and gave the Trustees an overview of market and legislative developments, including the Trustees' duties and requirements for strong governance.</p> <p>In addition, if there are any ambiguities over the interpretation of the Rules or new legislation, legal advice is sought from the Trustees' legal advisers, Stephenson Harwood. During the Scheme Year, the Trustees' legal adviser was present at each Trustee Meeting and was able to provide clarification where required on relevant issues, discussions and member cases.</p>
Trustees must describe how, through the Scheme Year the Trustees have demonstrated that they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.	<p>The Scheme is a hybrid Scheme, containing both DB and DC sections. The Trustees therefore appoint a Scheme Actuary to advise on funding related issues.</p> <p>The Trustee also appoints a DC specific investment consultant who advises on the relevant principles relating to the DC investment of the Scheme. Trustees monitor performance of the funds against their stated objectives / benchmarks on a quarterly basis, with an investment performance report presented to the Trustees.</p> <p>As a result, the Trustees have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.</p>
Trustees must describe how, through the Scheme Year the Trustees have demonstrated that their combined knowledge and understanding, together with available advice, enable them to properly exercise their functions.	<p>The Trustees receive advice from professional advisers to support them in reviewing the performance of the Scheme and in governing the Scheme in line with the Trust Deed and Rules, and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. The advice received by the Trustees along with their own experience allows them to properly exercise their function as Trustees.</p>

Chair's declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustees to the best of our knowledge.

Signature: _____

Name: _____

Position: _____

Date: _____

Appendix

Statement of Investment Principles – February 2024

1. Introduction

This Statement of Investment Principles (the “Statement”) has been prepared by the Trustees of the KeyMed Pension & Assurance Scheme (“the Scheme”). It sets out the principles that govern the Trustees’ decisions about the investment of the Scheme’s assets. The Trustees will refer to this Statement when making investment decisions, to ensure that they are consistent with these principles.

This Statement is designed to meet the requirements of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

The Scheme’s investment arrangements, based on the principles set out in this Statement, are detailed in the Investment Policy Implementation Document (“IPID”) which is available to Scheme members on request.

In preparing this Statement, the Trustees have obtained written advice from the Scheme’s Investment Consultant. Where matters described in this Statement may affect the Scheme’s funding policy, input has also been obtained from the Scheme Actuary. The Trustees will obtain similar advice whenever the Statement is reviewed.

The Trustees’ investment powers are set out within the Scheme’s governing documentation and relevant legislation. If necessary, the Trustees will take legal advice regarding the interpretation of these. The Trustees note that, according to the law, the Trustees have ultimate power and responsibility for the Scheme’s investment arrangements.

The Trustees, in preparing this Statement, have also consulted KeyMed (Medical & Industrial Equipment) Limited (“the Company”), as Sponsor of the Scheme. The Trustees seek to maintain a good working relationship with the Company and will discuss any proposed changes to this Statement with the Company. However, the Trustees’ fiduciary obligations to Scheme members will take precedence over the Company’s wishes, should these ever conflict.

The Trustees believe that our investment policies and their implementation are in keeping with best practice, including the Principles for Investment Governance as published by the Regulator’s Investment Governance Group.

The Trustees do not expect to revise this Statement frequently because it covers broad principles. More detailed information on the investment arrangements is set out in the

IPID. We will review the Statement at least once every three years, and without delay if there are relevant, material changes to the Scheme and/or the Company. These include changes in the Scheme's liabilities and finances and in the attitude to risk of the Trustees or the Company.

The Scheme has both a defined benefit ("DB") and a defined contribution ("DC") section. Sections 2 of this Statement address the DB element. Section 3 addresses the DC element. Section 4 onwards is relevant to both the DB and DC sections.

DEFINED BENEFIT SECTION

2. Overall Policy

The strategic management of the assets is fundamentally the responsibility of the Trustees and is driven by their investment objectives as set out below. Day-to-day management of the assets is delegated to a professional annuity provider and an investment manager. This assignment of responsibilities is consistent with advice from Mercer Limited ("Mercer".)

2.1 Investment Objectives

The Trustees' primary investment objective is to invest the Scheme's assets in such a manner that members' benefit entitlements can be paid as and when they fall due, and in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.

To this end, the Trustees have set a longer-term objective to buy out all of the Scheme's liabilities. As an interim step, an annuity policy for the remaining members has been purchased in the form of a buy-in with an annuity provider (i.e. an insurance company). The insurance company selected is Aviva Life & Pensions UK Limited ("Aviva").

The Trustees also seek to preserve the capital of the residual assets held by the Scheme, whilst producing an appropriate level of return, via low-risk investments in UK government bonds and a cash fund.

The majority of the residual assets are held in cash with a small holding in gilt funds to broadly replicate the liability profile and act as an interim source of assets to meet additional transfer value payments out of the Scheme not covered by Aviva. For the avoidance of doubt, there is no rebalancing between the funds held.

Asset Type	Actual Allocation (%)
UK index-linked gilts	4.1
UK fixed interest gilts	5.1
Sterling Liquidity Fund	90.8
Total	100.0

Source: LGIM. As at 30 June 2021

2.2 Risk Management and Measurement

The annuity policy held by the Scheme provides a match for the key investment and non-investment risks for the members of the Scheme (i.e. interest rate, inflation and longevity risks). Whilst the key investment and non-investment risks are removed by the annuity policy, the Trustees are exposed to the counterparty risk of the insurance company (i.e. risk of default), albeit with regulatory protections in the form of supervision and intervention by the Prudential Regulatory Authority. The Trustees have considered and are adequately comfortable with the financial strength of the selected insurance company. The Trustees are also aware that annuity policies typically have no surrender value, and therefore, will become an illiquid asset of the Scheme (i.e. the asset cannot be sold or exchanged for cash without a potentially substantial loss in value).

As the primary risks of the Scheme have been removed by the annuity policy, the Trustees have chosen to adopt a policy of taking a very low level of investment risk with the residual assets of the Scheme. These assets are invested in UK government bonds and a cash fund. Whilst all investments are considered low-risk, the holdings in government bonds are still subject to interest rate risk and credit risk, whilst the cash fund is exposed to credit and liquidity risk. The Trustees are aware of this and are comfortable with the level of risk employed by the Scheme.

It is expected that the annuity policy will provide sufficient cash flow to meet the obligations of the remaining members and the residual assets will produce a small positive return over time

2.3 Investment Management

The majority of the assets of the Scheme are held as an annuity policy with Aviva, which provides cash flows to meet the obligations of the remaining members. The remaining assets are held with Legal and General Investment Management (“LGIM”).

The Trustees have taken steps to satisfy themselves that LGIM has the appropriate knowledge and experience for managing the Scheme’s residual investments and that they are carrying out their work competently. The Trustees will periodically assess the continuing suitability of LGIM. The Investment Consultant provides help in monitoring the investment manager.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

The Trustees receive investment manager performance reports on a bi-annual basis, which present performance information over 6 months, 1 year, 3 years and since inception. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark.

Since the Scheme is fully insured and intends to remain so it doesn't have an explicit policy on agreement duration (whilst the Trustees are long term investors it is envisaged that the residual assets will be liquidated and the proceeds returned to the company once a buy-out has been agreed). Nor does it have a policy on portfolio turnover costs.

DEFINED CONTRIBUTION SECTION

3. Overall Policy

The items set out in Section 3 of this Statement are in relation to what the Trustees deem as 'financially material considerations' both for the Scheme and the default investment option. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire. It is for this reason that the default investment option is a lifestyle strategy.

3.1 Investment Objectives

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk. The Trustees believe that members should make their own investment decisions based on their individual circumstances. The Trustees regard their duty as making available a range of investment options sufficient to enable members to have more choices to assist in their own investment strategy.

The Trustees also recognise that members may not feel confident to make investment decisions. As such the Trustees make available a default option. The default option places the emphasis on aiming to deliver a positive level of real return over members' working lifetimes (whilst mitigating risk through diversification) and also encompasses a switch into asset classes designed to protect the member from a sudden fall in the retirement benefit purchasing power of their pension savings, in the years approaching the member's selected target retirement age.

These objectives translate to the following principles:

- i. Offering members a pre-defined 'Lifestyle' approach to better cater for members changing needs and risk tolerances over the course of their retirement saving journey and ensuring that the investment strategy options allow members to plan for retirement;
- ii. Making available a range of pooled investment funds which serve to allow some flexibility to meet the varying investment approaches and risk tolerances of members;
- iii. Adopting a framework which provides flexibility to change investment managers proactively and which allows efficient fund switching (e.g. without out-of-market risk) as required;

- iv. Encouraging members to seek impartial financial advice from an appropriate party in determining the most suitable option for their individual circumstances;
- v. In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustees aim to make available a range of options which satisfy the needs of the majority of members.

The Trustees regularly review the suitability of the investment choices provided, in conjunction with the Scheme’s investment advisors, and from time to time will change or introduce additional investment funds as appropriate.

3.2 Investment Risks

The Trustees have considered investment risk from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustees consider and how each is measured and managed. In arriving at this objective the Trustees have considered the following risks:

Risk	How it is managed	How it is measured
<p>Pension Conversion Risk</p> <p>Member’s investments do not match how they would like to use their pots in retirement.</p>	<p>The Trustees aim to reduce investment volatility as members approach retirement without defining a specific outcome target.</p> <p>The default option automatically switches member assets as they approach retirement into investments that are expected to be less volatile. Whilst the strategy does not have a defined retirement target, it has been designed to best reduce mismatch risk for members taking Cash, Annuity and Drawdown. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement.</p> <p>The suitability of the default option is reviewed at least triennially.</p>	<p>Considering the returns of the funds used within the switching phase of the default option both in absolute terms as well as relative to inflation, and annuity prices (depending on their selected retirement destination).</p>
<p>Market Risk</p> <p>The value of securities, including equities and interest-bearing assets, can go down as well as up. Inadequate</p>	<p>The Trustees provide members with a range of funds, across various asset classes. Members are able to set their own investment strategy in line with their risk tolerances.</p>	<p>Monitoring the performance of investment funds on a quarterly basis.</p>

investment returns lead to a low level of pension.	For the multi-asset funds which are targeting non-market benchmarks, this is delegated to investment managers.	
<p>Currency Risk</p> <p>The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.</p>	<p>The Trustees provide diversified investment options that invest in local as well as overseas markets and currencies.</p> <p>Currency hedging for actively managed strategies is delegated to the investment manager.</p> <p>The currency hedging used in the funds is reviewed at least triennially as part of the default review.</p>	<p>Monitoring the performance of investment funds on a quarterly basis.</p> <p>Consideration of hedging within the portfolio as part of triennial strategy reviews.</p>
<p>Manager Risk</p> <p>Active investment managers might underperform expectations.</p>	<p>The Trustees provide members with a range of funds, across various asset classes and management styles. Whilst the majority of funds available are passive, there is some active management as part of the Mercer multi-asset funds.</p> <p>Members are able to set their own investment strategy in line with their risk tolerances. In addition, the Trustees monitor any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustees.</p>	<p>Monitoring the net performance of investment funds on a quarterly basis.</p>

The Trustees undertake to review the Scheme's fund choices offered to members and the investment manager arrangements on a regular basis.

3.3 Default investment option

The vast majority of members do not make an active investment decision and are invested in the default option. However, a proportion of members may have actively chosen the default option because they feel it is most appropriate for them.

The default option aims to generate investment returns, in a risk-controlled manner, which are sufficient to provide a reasonable level of retirement benefits for members, given the level of contributions paid over their lifetime in the Scheme. The default option's investment strategy allocation is outlined below.

The objectives of the default option, and the ways in which the Trustees seek to achieve these objectives, are detailed below:

- i. To generate returns in excess of inflation during the growth phase of the strategy whilst managing downside risk.

The default option's growth phase (Moderate Growth Fund) invests in equities and other growth-seeking assets. These investments are expected to provide above inflationary return, in line with equities, over the long term with some downside protection and some protection against inflation erosion. The downside risk from an equity market downturn is mitigated through diversification away from equities.

- ii. To provide a strategy that reduces investment risk for members as they approach retirement. The Trustees' full policy with regards to risk is detailed in Section 3.2 of this Statement.

As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustees believe that a strategy that seeks to reduce investment risk as the member approaches retirement is appropriate. Moreover, as members approach retirement, the Trustees believe the primary aim should be to provide protection against a mismatch between asset values and the expected costs of retirement benefits.

In view of the above, the Trustees consider the level of risk within the default option in the context of limiting investment volatility but retaining an above inflation growth target to support members' purchasing power, subject to the performance of the investments which could be above or below, due to market conditions.

These risks are managed via automated lifestyle switches over the five-year period to a member's selected retirement date.

The Trustees' policies in relation to the default option are detailed below (these have been developed from the appropriate advice given by the Scheme's investment advisors):

- i. The default option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default option, the Trustees have explicitly considered the trade-off between risk and expected returns.
- ii. Assets in the default option are invested in the best interests of members and beneficiaries, taking into account the profile of members. In particular, the Trustees considered high level profiling analysis of the Scheme's membership in order to inform decisions regarding the default option. Based on this understanding of the membership, a default option that does not target a specific benefit choice is considered appropriate.
- iii. Members are supported by clear communications regarding the aims of the default option and the access to alternative investment approaches. If members wish to, they

can opt to choose their own investment strategy on joining but also at any other future date.

- iv. Assets in the default option are invested in a long-term insurance contract. The assets underlying the insurance contract is invested in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various underlying fund managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective underlying fund managers in line with the mandates of the funds. Likewise, the underlying fund managers have full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. The Trustees' full policy on Socially Responsible Investment & Corporate Governance including Climate Change is detailed in Section 8 of the SIP.
- v. The default option utilises the Moderate Growth and the Defensive Funds from the fund range, according to a pre-defined allocation based on the time to a member's target retirement age. The matrix is provided in the IPID.
- vi. The Trustees consider illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Scheme's default arrangement includes no direct allocation to illiquid investments or to investments via a collective investment scheme. The other funds used in the default do not invest in any underlying illiquid assets.

The Trustees understand the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these potential benefits are recognised by the Trustees, they are also aware of the risks of illiquid assets to members. Given the potential for valuations of illiquid assets to not reflect their true value at a given time, as well as concerns over liquidity management and platform compatibility, the Trustees consider direct investment into an illiquid asset fund as not currently suitable for members of the Scheme. The Trustees remain comfortable with the funds used in the default option, and annually assess whether the funds used provide value for members.

In selecting investments for the default option the Trustees use both qualitative and quantitative analysis to consider the expected impact of different strategic allocation mixes. For any future investment, the Trustees carefully consider whether the investment provides value for members, taking account of the return potential and associated risks. It is the Trustees' policy to review the investment strategy of the default option on at least a triennial basis. Such reviews will include whether the incorporation of illiquid asset investments is appropriate.

The Trustees believe that the investment strategy outlined in this section is appropriate for meeting the investment objectives listed above.

The default Lifestyle option begins with investing in the Moderate Growth Fund (this is known as the “Growth Phase”) and gradually de-risk into the Defensive Fund at 5 years to retirement. It is designed to protect member savings alongside maintaining a growth target when approaching retirement. The retirement portfolio will allow the members to access their retirement benefits flexibly. Should they not make an active decision, their assets and future contributions will be invested in the default (Moderate Growth) Lifestyle option. Taking into account the demographics of the Scheme’s membership and the Trustees’ views of how the membership is likely to behave at retirement, the Trustees believe that the current default option is appropriate and will continue to review this over time, at least triennially, or after significant changes to the Scheme’s demographic, if sooner.

3.4 **Lifestyle Options**

In addition to the default lifestyle option, the Trustees have adopted two other “Lifestyling” options. These involve investing in either the High Growth Fund or the Growth Fund until 5 years to retirement (Growth Phase), aiming to maximise their benefits in the earlier years. At 5 years to retirement, same as the default option, assets are progressively switched out of the chosen “Growth Phase” fund and into the Defensive Fund so that at the Target Retirement Age, the member is fully invested in the Defensive Fund, which contains a mix of lower risk investment products. The aim of the switching process is to protect members’ assets against significant volatility in the years leading up to the targeted retirement age.

3.5 **Investment Funds**

If members wish to select their own pension investment portfolio, members may wish to choose from the self-select fund range which the Trustees have made available to the members. If members actively choose their investments, these investments will not automatically de-risk as they approach retirement and will stay in the same options until the members instruct otherwise.

To cater for the different risk appetites of members, the Trustees offer the following four Risk-Rated Funds that allows member to select the appropriate risk level for their pension investment. More information (including underlying assets and latest fee level) of these funds can be found in the IPID.

- High Growth Fund
- Growth Fund
- **Moderate Growth Fund – Default Fund**
- **Defensive Fund – Default Fund**

Additionally, the Trustees have also included a range of standalone funds which are also available to members. More information about these funds can be found in the IPID, which is available to members upon request.

3.6 Day to Day Management of the Scheme's Assets

The Trustees have contracted with Scottish Widows Limited ("Scottish Widows") to deliver investment management services through their investment platform. The Scheme's investment platform is provided under contract with Scottish Widows and Mercer Workplace Savings, both of whom are regulated by the Financial Conduct Authority (the "FCA").

The Trustees have selected Mercer Global Investments Europe Limited on the Scottish Widows platform to provide funds for the members' contributions to be invested in. The manager may be changed at the Trustees' discretion.

BOTH SECTIONS

4. Monitoring the Investment Managers

Whilst the Trustees are not involved in each investment managers' day-to-day method of operating and therefore cannot directly influence attainment of performance targets, they regularly assess performance and review appointments using quantitative and qualitative factors.

The Trustees receive quarterly written reports from Mercer and the investment managers. The Trustees review absolute and relative performance against a suitable benchmark index and against the manager's stated performance target. The Trustees focus is on long-term performance but may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to the Investment Consultant's rating of the manager

The investment managers set performance objectives and risk tolerances for each of the Scheme's funds. The Trustees consider these investment performance objectives to be appropriate to assess each fund's performance against. The investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Scheme or any part of it.

The Trustees recognise that the active managers' performance relative to their benchmarks may be volatile and that they will not always achieve their target.

Nonetheless, the managers should demonstrate that the skill exercised in managing the portfolios is consistent with the target given the levels of risks adopted.

The Trustees may meet with the investment managers if they are dissatisfied with their performance or engagement activity, and may choose to terminate the relationship with the manager if they see fit. The investment adviser to the Trustees also provides help in monitoring the investment managers, both in the form of written reports or attendance at meetings as required by the Trustees.

Manager fees are calculated as a percentage of assets under management. As part of the annual Value for Members assessment, the Trustees review the investment manager fees and may request fee discounts if deemed appropriate.

5. Investment Manager Selection and Monitoring Criteria

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class in which they invest.

The Trustees consider their Investment Consultant's forward-looking assessment of a manager's ability to meet their objectives when appointing new investment managers and monitoring existing investment managers. This view will be based on an assessment of the manager's idea generation, portfolio construction, implementation and business management in relation to the particular investment fund that the Scheme invests in.

The Trustees will consider how Environmental, Social, and Corporate Governance ("ESG") and stewardship are integrated into the investment process as well as ensuring fees are competitive within the asset class. The Trustees consider the Investment Consultant's manager research ratings when taking decisions on selection and retention of manager appointments.

If the investment objective for a particular manager's fund changes, the Trustees will review the fund appointment to ensure it remains appropriate and consistent with the Trustees wider investment objectives.

As the Trustees invests in pooled investment vehicles, they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates have been selected to align with the overall investment strategy.

6. Other Investments

The Trustees have, in the past, secured pensions through the purchase of annuities and currently hold annuity policies with a number of different insurance companies.

7. Additional Voluntary Contributions ("AVCs")

Assets in respect of members' AVCs are invested in a range of investment options. With the assistance of the Scheme's consultants, the AVC arrangements will be reviewed periodically to ensure that the investment profile of the funds available remains consistent with the objectives of the Trustees and the needs of the members. More information on the AVC providers is detailed in the IPID.

8. Policy on Socially Responsible Investment & Corporate Governance including Climate Change

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. However, it is acknowledged that the nature of the Scheme's investments mean ESG factors are unlikely to be material.

Similarly, the Trustees recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration by pension schemes. However, again the Trustees note that these risks are somewhat limited, given the nature of the Scheme's investments.

The Trustees have given appointed investment managers and the annuity provider full discretion in evaluating ESG risks and factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the Scheme's investments.

The Trustees wish to encourage best practice in terms of active engagement with entities in which they invest. The Trustees, while giving the investment managers full discretion when undertaking engagement activities, encourage the Scheme's investment managers and annuity provider to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings. The Trustees will review the investment managers' policies and engagement activities (where applicable) on an annual basis.

Member views in respect of non-financial matters are not taken into account in the selection, retention and realisation of investments, but members can make their views known to the Trustees.

9. Role of Investment Consultant

Mercer is employed as Investment Consultants to the Scheme. Mercer provides advice to the Trustees but does not have responsibility for decision making in any area. The role encompasses, but is not limited to, the following areas:

- Assistance in helping the Trustees to formulate investment objectives.
- Advice on investment strategy.
- Advice on devising an appropriate investment manager structure.
- Assistance in selecting, implementing and monitoring of investments managers.

Mercer is also appointed through Mercer Workplace Savings, which:

- Provides advice in selecting the investment platform provider;
- Provides on-going governance monitoring services (i.e. on the investment platform provider);
- Provides investment governance of the investment platform provider's fund range.

9.1 **Investment Consultant Fee**

Mercer's fees are either based on fixed cost for particular projects, or more normally, are on a time cost basis.

10. **Portfolio Turnover Costs**

The Trustees ask investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees. The Trustees consider portfolio turnover costs as part of the annual Value for Members assessment.

11. **Investment Manager Turnover**

The Trustees are a long-term investor and are not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The self-select fund range and default option are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or self-select fund range.

12. **Compliance with & Review of this Statement**

The Trustees will monitor compliance with this Statement on a regular basis. The Trustees will review this Statement in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustees and the Company which the Trustees judge to have a bearing on the stated investment policy. Any such review will again be based on written expert investment advice and will be in consultation with the Company.