

KeyMed Pension and Assurance Scheme Annual Engagement Policy Implementation Statement

DB Section

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 5 April 2025. This Statement has been produced in accordance with The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and subsequent amendments; and the statutory and non-statutory guidance from the Department of Work and Pensions.

Investment Objectives of the Scheme

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 a cash fund.

Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

The Trustee believes that ESG factors may have a material impact on investment risks and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. However, the Trustee also recognises the practical difficulty in integrating these beliefs given the nature of the investment strategy (i.e. all non-annuity assets invested in cash). For the annuity assets, the annuity provider is empowered to manage ESG risk, assess ESG factors as a potential source of risk and return (where appropriate), and exercise stewardship obligations attached to the Trustee's investments in accordance with current best practice, including the UK Corporate Governance Code and UK Stewardship Code

The following sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

Stewardship monitoring

Over the year Stewardship activities were not a relevant consideration for the Trustee given the nature of the investments

Engagement

The Trustee has monitored the ESG credentials of the investment manager over the year on a 6 monthly basis, via the investment performance report provided by the Scheme's investment consultant. However, over the year engagement activities were not a relevant consideration for the Trustee given the nature of the investments

Voting Activity

The Trustee has delegated their voting rights to the investment manager.

Given the nature of the underlying assets, there was no voting activity undertaken within the mandates during the year.

Significant Votes

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustee defines a significant vote as one that is linked to the Scheme's stewardship priorities/themes. A vote could also be significant for other reasons, e.g. due to the size of holding.

The Scheme was not invested in assets with attached voting rights over the year to 5 April 2025, therefore there are no votes to report that met the Trustee's definition of a most significant vote.