

Implementation Statement for the Year to 5 April 2025

KPSS (UK) Limited Pension Scheme ('the Scheme')

Introduction

In June 2022, the Department of Work and Pensions (DWP) issued guidance for trustees of pension schemes to produce an Implementation Statement to meet pension disclosure requirements.

This Implementation Statement describes the voting and engagement policies of the Trustee of the KPSS (UK) Limited Pension Scheme ('the Trustee') along with a summary of voting and engagement behaviour related to the Scheme's investments over the 12-month period to 31 March 2025, given the availability of information.

The purpose of this Implementation Statement is to provide evidence that the Scheme continued to follow and act on the principles outlined in the Statement of Investment Principles ('the SIP'). During the year the Scheme's membership fell below 100 members and so the requirement for the Trustee to maintain a SIP was removed and the Trustee discontinued the SIP. Even though the SIP did not apply for the full year, for the purposes of the implementation statement we have considered the full scheme year, given that is the format the investment manager provides information on voting. At the start of the Scheme year, the fifth edition of the SIP plus Addendum was in place, with the sixth edition signed shortly after the Scheme year commenced.

This report details:

- Actions the Trustee took to manage financially material risks and implement the key policies in its SIP;
- The policy and approach with regards to Environmental, Social and Governance (ESG) factors and the actions taken with managers on managing ESG risks; and
- The extent to which the Trustee has followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in which they invest.

Summary of key actions undertaken over the Scheme reporting year

Over the year the investment strategy was updated to target a return of gilt yields +1.25% to target full funding on buy-out by 2030. The liability hedging was set to 100% on a technical provisions basis as a proxy for buyout hedging. This resulted in removing the corporate bonds and gilts held with L&G as well as the Mobius Life SSD Liability Strategy Fund. New leveraged gilt funds were added with Insight investments, together with corporate bonds and absolute return bonds. A new holding was also introduced in the M&G Total Return Credit Investment Fund.

Implementation Statement

This report demonstrates that the Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Managing risks

Risk / Policy	Definition	Policy	Actions
Interest rates and Inflation	The risk of mismatch between the value of the Scheme's assets and present value of liabilities from changes in interest rates and inflation expectations.	To invest in matching assets that move in line with the present value of the Scheme's liabilities.	The Scheme invested in LDI and Gilts-based funds over the period which aim to hedge a very significant part of the Scheme's inflation and interest rate risk on a buyout basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The liquidity of the Scheme is stress tested each quarter and sufficient collateral held to meet at least a 350bp rise in Gilt yields. Liquidity is, in the main, maintained in credit, cash and daily traded funds.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away from any unrewarded risks, where practicable.	The Scheme has a modest level of investment in diversified growth funds, multi-asset credit and illiquid assets, which aim to reduce market volatility by diversifying across different drivers of return.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors where possible.	The Scheme invested in an investment grade pooled credit fund, and absolute return bond fund and a multi-asset credit fund. The funds all invest across a variety of sectors, diversifying the underlying credit risk.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who integrate ESG into their investment process, utilise their right to vote and have good reporting on ESG matters.	As part of the investment management of the Scheme's assets, the Trustee expects the investment managers to make decisions on: • The selection, retention and realisation of investments taking into account all financially material considerations. • The exercise of rights (including voting rights) attached to these investments. • Undertaking engagement activities with investee companies and other stakeholders where appropriate.

			The Trustee has undertaken training on ESG and Stewardship and is considering priorities, which will be reflected in the next version of the SIP.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	To invest in GBP denominated share classes where possible.	The Scheme invests in GBP denominated share classes where possible.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	

Changes to the SIP

Changes to the SIP

Over the year the Scheme membership fell to below 100 members, therefore the legal requirement to maintain a SIP fell away and the Trustee decided to discontinue the current SIP.

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP references the Scheme's policy with regards to ESG as a long-term risk. The sections below detail how the Scheme's ESG policy is implemented. The ESG policy is detailed below:

The Trustee:

- will engage with the Sponsoring Employer on its ESG policy and consider any views it may have;
- believes that climate change is a financially material consideration when investing and will engage with fund managers to help understand the impact of climate change on portfolios;
- may consider non-financially material ESG factors where the financial impact is unlikely to be detrimental to returns;
- will, where there is choice, invest in fund managers with a superior ESG approach, as rated by their investment adviser, all else being equal;
- prefer fund managers to invest in assets that have a positive ESG impact;
- expect fund managers to report on ESG issues and developments;
- will, where possible, try to align investments with the UN Sustainability Goals;

No investment priorities have been explicitly set as yet.

Engagement with the Sponsor

The ESG policy above has been discussed and agreed with the Sponsor. The Sponsor also attends Trustee meetings and is kept updated on all material developments in relation to ESG.

The rest of this statement details the Trustee's view of the managers, the actions for engagement and an evaluation of the stewardship activity.

The following table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies. The Trustee will review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

Areas for monitoring and engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factor and the exercising of rights.	The Trustee receives information from its investment advisers on the investment managers' approaches to engagement.	The manager has not acted in accordance with their policies and frameworks. The manager's policies are not in line with the Trustee's policies in this area.

Engagement and Voting

Fund Manager	Policies	Engagement and Voting
Ormonde Multi-Asset Fund	The fund has been in wind-down for 36 months with only two illiquid holdings remaining with the Fund.	Given the wind-down, engagement has only been on the sale of the remaining assets. It is therefore not appropriate to report on engagement behaviour for this fund. There are no voting rights attaching to this Fund.
Columbia Threadneedle Multi-Asset Fund	Documents are available on their website covering RI policies. Responsible Investor Columbia Threadneedle Investments	See below for voting information.
Chenavari Reg Cap, Harbert European IV, Harbert US Real Estate V, Lunar Capital IV	All funds are drawdown vehicles with very little exposure to these Funds remaining within the Scheme.	Given all are in harvesting mode and there is no ability to influence or redeem, engagement is on performance and sale of the remaining assets. There are no voting rights attaching to these Funds.
M&G Total Return Credit Investment Fund	Documents are available on M&G's website covering Responsible Investing policies. Responsible Investing at M&G Investments – M&G plc	There are no voting rights within a credit portfolio.

Insight MB&M Bond Fund 2026-2030	Documents are available on Insight's website covering Responsible Investing policies, although within government bonds engagement is limited as there are no voting rights. https://www.insightinvestment.com/investing-responsibly/	There are no voting rights within a credit portfolio.
Insight Bonds Plus Fund	Documents are available on Insight's website covering Responsible Investing policies, although within government bonds engagement is limited as there are no voting rights. https://www.insightinvestment.com/investing-responsibly/	There are no voting rights within a credit portfolio.
Insight Partially Funded Gilt and Index-Linked Gilt Funds	Documents are available on Insight's website covering Responsible Investing policies, although within government bonds engagement is limited as there are no voting rights. https://www.insightinvestment.com/investing-responsibly/	There are no voting rights within an LDI portfolio.

Where voting has taken place, which is solely within the Columbia Threadneedle fund, the Trustee has chosen to adopt a definition of "significant votes" that is in line with the definition chosen by the Fund manager.

Columbia Threadneedle MAF

Request	Response
How many votes were proposed across the underlying companies in the fund?	437
Of the resolutions on which you voted, what % did you vote with management?	90.4%
Of the resolutions on which you voted, what % did you vote against management?	7.6%
Of the resolutions on which you voted, what % did you vote to abstain?	1.1%

Do you have a vote you consider the most significant for this fund?: - Company name - Date of the Vote - Summary of the resolution - On which criteria have you assessed this vote to be 'most significant'? - Approximate size of the fund's/ mandate's holding as a the date of the vote - How did you vote? - Rationale of the voting decision - Outcome of the vote - Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes - Alphabet Inc. 2024-06-07 - Report on Lobbying Payments and Policy - Vote against management on certain environmental or social proposals 0.01 - For - While we appreciate that the company provides some disclosure around board and management oversight of lobbying activities and information on its policy priorities, we note that the company does not disclose direct lobbying expenses on its website or in a user-friendly format, does not disclose indirect lobbying expenses or expenditures made to organization that may lobby on its behalf, does not disclose a congruency report for its lobbying, and does not address grassroots lobbying in its policies. It also does not describe specific board and management oversight for its trade association memberships. - No	Do you have a vote you consider the second most significant for this fund?: - Company name - Date of the Vote - Summary of the resolution - On which criteria have you assessed this vote to be 'second most significant'? - Approximate size of the fund's/ mandate's holding as a the date of the vote - How did you vote? - Rationale of the voting decision - Outcome of the vote - Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes, -- - Amazon.com, Inc. 2024-05-22 - Report on Median and Adjusted Gender/Racial Pay Gaps - Yes 0.013109798750645966 - For - The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management. - Fail - No
Do you have a vote you consider the third most significant for this fund?: - Company name - Date of the Vote - Summary of the resolution - On which criteria have you assessed this vote to be 'third most significant'? - Approximate size of the fund's/ mandate's holding as a the date of the vote - How did you vote? - Rationale of the voting decision - Outcome of the vote - Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes - The Goldman Sachs Group, Inc. 2024-04-24 - Report on Pay Equity - Vote against management on certain environmental or social proposals 0.0029805085159399516 - For - The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management. - Fail - No	Do you have a vote you consider the fourth most significant for this fund?: - Company name - Date of the Vote - Summary of the resolution - On which criteria have you assessed this vote to be 'fourth most significant'? - Approximate size of the fund's/ mandate's holding as a the date of the vote - How did you vote? - Rationale of the voting decision - Outcome of the vote - Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes - Meta Platforms, Inc. 2024-02-28 - Report on Human Rights Impact Assessment of Targeted Advertising - Vote against management on certain environmental or social proposals 0.01 - For - Shareholders would benefit from further information on how the company plans to mitigate human rights risks related to its targeted advertising practices given the company faces several investigations regarding its practices and with rising regulatory risks particularly in the EU. - Fail - No
Do you have a vote you consider the fifth most significant for this fund?: - Company name - Date of the Vote - Summary of the resolution - On which criteria have you assessed this vote to be 'fifth most significant'? - Approximate size of the fund's/ mandate's holding as a the date of the vote - How did you vote? - Rationale of the voting decision - Outcome of the vote - Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes - Vertex Pharmaceuticals Incorporated 2024-05-29 - Report on Median and Adjusted Gender/Racial Pay Gaps - Vote against management on certain environmental or social proposals 0.002866254248274504 - For - Shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives. - Fail - No	Do you have a vote you consider the sixth most significant for this fund?: - Company name - Date of the Vote - Summary of the resolution - On which criteria have you assessed this vote to be 'sixth most significant'? - Approximate size of the fund's/ mandate's holding as a the date of the vote - How did you vote? - Rationale of the voting decision - Outcome of the vote - Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes - Intuitive Surgical, Inc. 2024-05-15 - Report on Gender/Racial Pay Gap - Vote against management on certain environmental or social proposals - For - Shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives. - Fail - No
Do you monitor the carbon emission levels or similar of the underlying companies in the fund?	Yes	What was the actual turnover rate over the last 12 months?	