

VA TECH (UK) Pension Scheme **Annual Engagement Policy Implementation Statement**

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustee Directors ('Trustees') for the VA TECH (UK) Pension Scheme (the "Scheme") has been followed during the year to 30 September 2020. This statement has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

Investment Objectives of the Scheme

The Trustees long term objective is to meet its pension obligations by the use of bulk annuities. To this end the Trustees have purchased two bulk annuity policies with Pension Insurance Corporation ("PIC"). The Scheme contains a number of members ("Continuing Members") whose deferred pensions will remain linked to their salaries until 2023, or until leaving employment if earlier. The extent to which each Continuing Member's salary inflation outpaces statutory revaluation in deferment is not currently insured, so will fall due as an additional cost to be funded for over the period to 2023. However, close to 100% of total known liabilities are expected to be met by the existing annuity policies.

Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustees' policy on Environmental, Social and Governance ("ESG") factors, stewardship and climate change. This policy sets out the Trustees' principles on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. The SIP was last reviewed in September 2020.

Engagement and Voting Activity Over the Period

The Scheme's assets are invested predominantly in annuity contracts with PIC.

The Trustees are reliant on the policies of PIC on responsible investment and corporate governance. To the extent that it is applicable, the Trustees have delegated consideration of ESG issues (including climate change), engagement and stewardship obligations (including the exercising of voting rights) attached to the investments to PIC.

The Trustees did not review the policies of PIC on responsible investment and corporate governance over the year. The Scheme has no control or ownership of the underlying assets in which PIC will invest. The Trustees therefore have no ability to influence the voting policy of PIC.

The Trustees will not consider the ESG policies of the investment manager of the cash fund or the AVC provider and associated investment funds as these are a small proportion of total assets.