

Implementation Statement

Chemring Group Staff Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Chemring Group Staff Pension Scheme ("the Scheme")** to set out the following information over the year to **5 April 2024**:

- How the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity is undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

How voting and engagement policies have been followed

- The Trustees invest entirely in pooled funds, and therefore delegate responsibility for carrying out voting and engagement activities to the Scheme's fund manager.
- Each year, the Trustees receive and review voting information and engagement information (via production of this Statement) from the asset manager, which they review to ensure alignment with their own policies.
- The Trustees have reviewed the stewardship and engagement activities of the asset manager during the year and were satisfied that their actions were reasonable in the context of the Trustees' own policies and no remedial action was required during the period.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the asset manager is in alignment with the Scheme's stewardship policies.

Stewardship policy

The Trustees' Statement of Investment Principles ("SIP"), in force at December 2023, describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in December 2023:

<https://www.chemring.com/~media/Files/C/ChemringV3/sustainability/52%202023%2011%20Chemring%20SIP%20v10.pdf>

The Trustees decided not to set stewardship priorities for the Scheme given the expectation of the bulk annuity transaction with Pension Insurance Company ("PIC"). The Trustees have limited ability to influence any voting and engagement activities undertaken by the insurer on behalf of the funds held within the insurance contract. On 8 December 2023, the Scheme completed the purchase of the bulk annuity policy with PIC.

Voting and Engagement

During the year to 31 March 2024, the Scheme held corporate bonds, cash and gilt funds with Legal and General Investment Managers ("LGIM"). The funds offer limited ability for engagement with key stakeholders, given the nature of the mandates. However, we note that LGIM provided the following firm wide data for their engagement.

Manager	LGIM
Number of engagements undertaken at a firm level in the year	2,144
Number of companies the manager engaged with at a firm level during the year	2,006

We have provided an illustrative example of LGIM's engagement activity over the year below.

Illustrative engagement example

Bayer – Litigation risks and management changes

Over the year to 31 March 2024, LGIM engaged with Bayer's supervisory board and Bayer's CEO. LGIM sought to ascertain how Bayer will fund and manage ongoing litigation risks. LGIM made clear that Bayer should not settle legal challenges in a manner that provides a short-term increase to shareholders at the expense of long-lasting damage to its balance sheet.

LGIM used a recent bond deal marketing call as an opportunity to advocate for a clearer message from Bayer regarding its view of what its 'core' business is.

**Prepared by the Trustees of the Chemring Group Staff Pension Scheme
23 May 2024**