Implementation Statement, covering the Scheme Year from 1 February 2021 to 31 January 2022

The Trustee of the Crest Nicholson Group Pension & Life Assurance Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

1. Introduction

The Trustee’s voting and engagement policies in the SIP were reviewed and updated during the Scheme Year in March 2022 to reflect latest best practice. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took a number of steps to review the Scheme’s existing managers and funds and potential new investments over the Scheme Year, as described in Section 2 below.

2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

In April 2021, the Trustee updated its Responsible Investment Policy, which further documents the Trustee’s approach to managing Responsible Investment (“RI”) risks.

In December 2021, the Trustee conducted its annual RI review of the Scheme’s investment managers, working with the investment adviser, LCP. LCP provided an RI assessment for each of the Scheme’s investment mandates and confirmed whether the Scheme’s investment managers had signed up to important industry-wide initiatives like the Net Zero Asset Managers’ Initiative (NZAMI) and the 2020 UK Stewardship Code. Based on the results of the review, the Trustee asked LCP to engage with Alcentra, Ares and Mercer for further information on their RI practices.

The Trustee was satisfied with the responses received from Alcentra and Mercer, who had not signed up to the UK Stewardship Code and/or NZAMI. The Trustee decided to escalate the engagement with Ares, drafting a letter to Ares summarising their view that Ares’ RI practices could be improved.

The Trustee invested in a new pooled fund over the period, the LGIM Low Carbon Transition Global Equity Index Fund in September 2021, which is a passive equity fund that targets a material reduction in the total greenhouse gas emissions of portfolio companies, when compared to a standard global equity index. This replaced the Scheme’s investments in the JO Hambro Global Select Fund and the Kiltearn Global Equity Fund.

In considering whether to invest in the LGIM fund, the Trustee applied its usual financial criteria for any investment including the fund’s rate of potential investment return and risk management properties in the context of the Scheme’s overall investment portfolio and objectives. As the LGIM fund is an equity fund such considerations included the Trustee’s RI policy and the financial risks and opportunities relating to climate change and ESG. The financial and risk criteria applied in the section process, included a review by the Trustee of LCP’s RI assessments of LGIM when compared to its existing equity managers at the time, Kiltearn and JO Hambro. The Trustee believed that LGIM’s Low Carbon Transition Fund better addressed the financial and risk management impacts of climate change and ESG for the Scheme when compared to JO Hambro and Kiltearn funds which were under review in any event due to changes in the funding position of the Scheme and the Trustee’s risk and investment return requirements. LCP also rated LGIMs’ stewardship, voting and engagement capabilities highly. The decision to invest was consistent with the Trustee’s other policies as included in the Scheme’s Statement of Investment Principles.

Additionally, the Trustee receives regular updates on ESG and Stewardship related issues from the investment advisers.

3. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Scheme's funds that hold equities as follows:

- JO Hambro Global Select Fund
- Kiltearn Global Equity Fund
- LGIM Low Carbon Transition Global Equity Index Fund
- Ruffer segregated mandate

Please note that the voting data for JO Hambro and Kiltearn is for the periods from 31 January 2021 to the point where the Scheme fully redeemed from these funds, on 31 August 2021 and 30 September 2021 respectively. LGIM was only able to provide data to for the period 1 January 2021 to 31 December 2021, as the manager only collates fund-level voting statistics to quarter-end dates. The voting data for Ruffer covers the Scheme Year.

We have also included commentary on the Alcentra European Direct Lending Fund III, provided by Alcentra, who invest in assets that had some limited voting opportunities during the period. However, Alcentra is unable to provide specific voting examples or voting data for inclusion in the Scheme's Implementation Statement.

We have not included commentary on the following funds that the Scheme invested in during the period, which do not hold listed equities, where there are either no voting opportunities, voting information is not available or the fund is omitted on materiality grounds as any holdings with voting rights attached to them form a de minimis proportion of the Scheme's total assets:

- Insight LDI Enhanced Selection Longer Nominal Fund
- Insight LDI Enhanced Selection Longer Real Fund
- Insight LDI Enhanced Selection Shorter Nominal Fund
- Insight LDI Enhanced Selection Shorter Real Fund
- Insight Liquidity Plus Fund
- Insight Secured Finance Fund
- Insight Global ABS Fund
- LGIM Over 5 Year Index-Linked Gilts Index Fund
- BlackRock Emerging Markets Local Currency Bond Fund
- Mercer Multi Asset Credit Fund
- Ares Secured Income Fund
- Gilliat Solentis Target Income Global Three Preference Shares
- BlueCrest AllBlue Limited
- GMO Systematic Global Macro Major Markets Investment Fund

3.1 Description of the voting processes

The manager's policies on voting are provided in this section. In all cases, the wording provided accords with the Trustee's understanding of the management of the funds and the manager's policies on stewardship, which the Trustee considers when appointing new managers and periodically thereafter.

Each manager with voting opportunities was asked whether any conflicts of interest were present in their structure, and how these are managed. In all cases, the managers either responded that there were no conflicts of interest present in their structure; or provided information on how they manage potential conflicts of interest.

3.1.1 JO Hambro

JO Hambro ("JOHCM") provided the following wording to describe its voting practices:

> *"JOHCM understands the importance of voting proxies and will cast its vote proxies in the best interest of its clients. Should a conflict of interest arise between JOHCM's interests and those of a client, JOHCM will arrange a discussion with such client to review the proxy voting materials and the conflict and will obtain the client's consent before voting. If JOHCM is not able to obtain the client's consent, JOHCM will take reasonable steps to ensure, and must be able to demonstrate, that those steps resulted in a decision to vote the proxies in the best interests of the client.*
>
> *JOHCM has established procedures to ensure that all proxies that are received are properly distributed and voted on a timely basis. A list of all upcoming annual and extraordinary general meetings, together with details of their agendas and relevant research, is circulated automatically to all relevant fund managers for consideration. To support this, JOHCM has appointed the services of a third-party service supplier, Institutional Shareholder Services (ISS). They act as [their] sole proxy voting and research provider, facilitate our voting activities and disseminate research and recommendations. The ISS system generates a customised voting template which puts forward a voting recommendation in line with [their] voting policy and best practice standards.*
>
> *JOHCM has implemented robust written policies and procedures designed to ensure that, when voting proxies in respect of the securities that it manages for its clients, it:*
>
> - *does so in the best interest of its clients, addressing any conflicts that may arise between its interests and those of its clients;*
> - *discloses to clients how they may obtain information from the firm about how the firm voted with respect to their securities; and*
> - *describes to clients its proxy voting policies and procedures and, upon request, furnishes further details of these policies and procedures to clients.*
>
> *JOHCM has established procedures to ensure that all proxies that are received are properly distributed and voted on a timely basis. A list of all upcoming annual and extraordinary general meetings, together with details of their agendas and relevant research, is circulated automatically to all relevant fund managers for consideration."*

3.1.2 Kiltearn

Kiltearn provided the following wording to describe its voting processes:

> *"[Kiltearn] do not consult with individual clients. Kiltearn's voting policy is in the interest of all account holders and is publicly available on its website.*
>
> *It is Kiltearn's policy, subject to the considerations described [in its proxy voting policy], to use its best efforts to vote proxies arising on all shares held on behalf of its Clients.*
>
> *Northern Trust [(global sub-custodian for Kiltearn)] has outsourced certain of its proxy processing responsibilities to Broadridge, a leading provider of proxy voting services. … Kiltearn does not outsource any part of its proxy voting decision-making process to ISS, Broadridge or Northern Trust.*
>
> *As part of Kiltearn's proxy voting process, there may be circumstances where potential conflicts of interest with management are present. … To mitigate the risks of such potential conflicts, … all proxy votes are reviewed and signed-off by two authorized persons.*
>
> *Following receipt of proxy voting materials from ISS, Kiltearn's Administration Group prepares a "Proxy Voting Summary File" and a simplified voting ballot. The file includes the details of the number of securities held by a Client, the deadline for the response and other information that may be of interest.*
>
> *A member of Kiltearn's Sustainability & Governance Group will review proxies. The reviewing member will also be an authorized person. The authorized person will make initial decisions as to how to vote the balloted items. For investment-specific issues (for example, mergers and other corporate restructurings), input shall be sought from Kiltearn's Investment Group. A second authorised person will then review the initial decision and the rationale for the decision. The second authorised person will verify and confirm, via*

email, that the first authorised person's voting instructions are in line with this voting policy. The proxy voting ballot will then be approved and the proxy vote processed.

In certain circumstances, Kiltearn may be unable to vote a specific proxy including, but not limited to: (i) when Northern Trust or ISS does not provide a voting service in a given market; (ii) because Northern Trust or its agent, in error, does not process a proxy or provide sufficient notice of a vote; or (iii) when an error is committed by any party involved in the proxy voting or registration process. Kiltearn may also refrain from voting if, for example: (i) it is considering liquidating a position; (ii) share blocking is a consideration; (iii) the costs of voting a specific proxy outweigh the economic benefit that Kiltearn believes would be derived by the Client; (iv) a specific class of securities or equity instrument does not carry voting rights with respect to a given issue subject to shareholder vote; or (v) re-registration of the securities into the Client's – rather than Northern Trust's nominee's – name may, or may reasonably be expected to, result in a violation of local privacy laws or adversely impact the Client's economic interests."

3.1.3 LGIM

LGIM provided the following wording to describe its voting practices:

"LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. [LGIM's] voting policies are reviewed annually and take into account feedback from [their] clients.

All decisions are made by LGIM's Investment Stewardship team and in accordance with [their] relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures [their] stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and [they] do not outsource any part of the strategic decisions. [LGIM's] use of ISS recommendations is purely to augment [their] own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that [LGIM] receive from ISS for UK companies when making specific voting decisions.

To ensure [LGIM's] proxy provider votes in accordance with [their] position on ESG, [LGIM] have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what [they] consider are minimum best practice standards which [they] believe all companies globally should observe, irrespective of local regulation or practice.

[LGIM] retain the ability in all markets to override any vote decisions, which are based on [their] custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows [LGIM] to apply a qualitative overlay to [their] voting judgement. [LGIM] have strict monitoring controls to ensure [their] votes are fully and effectively executed in accordance with [their] voting policies by [their] service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform [LGIM] of rejected votes which require further action."

3.1.4 Ruffer

Ruffer provided the following wording to describe its voting processes:

"It is Ruffer's policy to vote on Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) resolutions, including shareholder resolutions, as well as corporate actions. [Ruffer] endeavour to vote on the vast majority of [their] holdings but [they] retain discretion to not vote when it is in [their] clients' best interests (for example in markets where share blocking applies).

To apply this policy, [Ruffer] work with various industry standards, organisations and initiatives and actively participate in debates within the industry, promoting the principles of active ownership and responsible investment. For example, [Ruffer] are signatories to the Principles for Responsible Investment (PRI), participate in several working groups at the Investment Association and, through [their] commitment to Climate Action 100+, have co-filed resolutions where [they] felt this was the most appropriate course of action.

Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS).

[Ruffer] have developed our own internal voting guidelines, however [they] take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although [Ruffer] are cognisant of proxy advisers' voting recommendations, [they] do not delegate or outsource [their] stewardship activities when deciding how to vote on [their] clients' shares.

Each research analyst, supported by our responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

As discussed above, [Ruffer] do use ISS as an input into [their] decisions. In the 12 months to 31 January 2022, of the votes in relation to holdings in [the Scheme's segregated mandate], [Ruffer] voted against the recommendation of ISS over 6.5% of the time."

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below[1] .

	JO Hambro Global Select Fund	**Kiltearn** Global Equity Fund	**LGIM** Low Carbon Transition Global Equity Index Fund	**Ruffer** Segregated mandate
Total size of fund at end of reporting period	~£1,780m[3]	~£610m	~£1,167m	~£25m
Value of Scheme assets at 31 January 2022 (£ / % of total assets)	£0, 0%[2]	£0, 0%[2]	~£19m / ~8%	~£25m / ~11%
Number of equity holdings at end of reporting period	42[3]	91	2,784	39
Number of meetings eligible to vote	32	69	3,047	43
Number of resolutions eligible to vote	376	1,112	31,032	669
% of resolutions voted	89%	100%	100%	95%
Of the resolutions on which voted, % voted with management	95%	81%	80%	93%
Of the resolutions on which voted, % voted against management	5%	19%	19%	5%
Of the resolutions on which voted, % abstained from voting	0%	0%	1%	2%
Of the meetings in which the manager voted, % with at least one vote against management	22%[3]	80%	62%	44%

[1] The voting data for JO Hambro covers the period 31 January 2021 to 31 August 2021 as the Scheme redeemed its holdings in August 2021. The voting data for Kiltearn covers the period 31 January 2021 to 30 September 2021 as the Scheme redeemed its holdings in September 2021. The voting data for L&G covers the period 31 January 2021 to 31 December 2021, as the manager is only able to provide data at quarter-end dates. The voting data for Ruffer covers the period 1 February 2021 to 31 January 2022.

[2] The Trustee fully redeemed its allocations with JO Hambro in August 2021 and with Kiltearn in September 2021.

[3] Figures are as at 30 September 2021.

[3] This figure is the proportion of meetings in which JO Hambro voted with at least one vote against management, withheld or abstained.

Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	16%	11%	7%

3.3 Most significant votes over the Scheme Year

The Trustee has interpreted "most significant votes" to mean those deemed as most significant by the investment managers. The Trustee has not included all the votes identified as "most significant" by the managers, instead exercising judgement to select 3 votes per manager (if available) that provide an overall balance between different ESG issues and avoiding potential duplication. For example, where multiple votes regarding executive remuneration have been identified, the Trustee has included one to evidence the manager's policy, believing the other votes on the same topic to broadly cover the same ground as the first.

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold or held listed equities over the Scheme Year (if available), is set out below.

3.3.1 JO Hambro

Please note that JO Hambro has not identified any significant votes taking place during the Scheme Year.

3.3.2 Kiltearn

- **American Express, May 2021. Vote:** For.

  Summary of resolution: Resolution on requiring annual diversity and inclusion reports to be published

  Rationale: "*Kiltearn supported a shareholder proposal that required a US multinational financial services company to publish annual reports assessing the company's diversity and inclusion efforts. Kiltearn did so on the basis that the company lagged its peers in respect of the level of transparency it offered shareholders."*

- **Travis Perkins, April 2021. Vote:** Against.

  Summary of resolution: Approve remuneration policy

  Rationale: "*Consistent with conversations Kiltearn had with the company in late 2020, Kiltearn voted against the UK home improvement retailer's latest remuneration policy. Kiltearn voted against the proposal as the company was looking to remove the performance conditions attached to its executives' long-term incentives and replace them with a time-vesting scheme subject to underpins."*

- **Anglo American, May 2021. Vote:** For.

  Summary of resolution: Resolution on demerger of thermal coal business

  Rationale: "*Kiltearn supported the resolution to demerge the company's South African-based thermal coal operations. The demerger was the latest step in the company's strategy of moving away from thermal coal production. Kiltearn supported the proposal on the basis that the demerger was consistent with the company's stated strategy of focusing on products that will enable a low carbon economy to generate shareholder value."*

3.3.3 LGIM

- **NortonLifeLock Inc, September 2021. Vote:** For.

  Summary of resolution: Require an independent board chair

  Rationale: "*LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 [LGIM] have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 [LGIM] have voted against all combined board chair/CEO roles. Furthermore, [LGIM] have published a guide for boards on the separation of the roles of chair and CEO…, and [LGIM] have reinforced [their] position on leadership structures across [their] stewardship activities – e.g. via individual corporate engagements and director conferences*."

- **Qorvo Inc, August 2021. Vote:** Against.

  Summary of resolution: Elect Director Jeffery R. Gardner, Director Roderick D. Nelson, Director Walden C. Rhines and Director Susan L. Spradley.

  Rationale: "*LGIM views gender diversity as a financially material issue for [their] clients, with implications for the assets [they] manage on their behalf. For 10 years, [LGIM] have been using [their] position to engage with companies on this issue. As part of [LGIM's] efforts to influence [their] investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. In 2021, [LGIM] expanded the scope of [their] vote policy to include all companies in the S&P 500 and the S&P/TSX. [LGIM's] expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023."*

- **SBI Life Insurance Company Limited, September 2021. Vote:** Against.

  Summary of resolution: Accept company financial statements and statutory reports

  Rationale: "*The company is deemed to not meet minimum standards with regards to climate risk management and disclosure."*

3.3.4 Ruffer

- **Royal Dutch Shell, May 2021. Vote:** For.

- **Summary of resolution:** Resolution relating to the company's climate transition plan

  Rationale: "[Ruffer] *supported Royal Dutch Shell's first Energy Transition Strategy plan. The decision was made in the context of the progress Shell has made as a result of engagement and the commitment of the company leadership to continue to meaningfully engage on the remaining areas of Climate Action 100+. The management resolution gained support of 88.7% of its shareholder base. [Ruffer] are committing to continued engagement with the company to work on details of the company's transition plans to ensure absolute emission equivalent targets sit alongside short- and medium-term intensity targets, and the need for further alignment on capital expenditure. … As a founding member of Climate Action 100+ initiative [Ruffer] engaged with Shell collaboratively and individually over several years and [Ruffer] are looking forward to continuing [their] engagements, focusing on the company's progress on its transition plan."*

- **American Express, May 2021. Vote:** For.

  Summary of resolution: Resolution requesting annual Diversity and Inclusion report

  Rationale: "[Ruffer] *supported a shareholder resolution that requires the company to annually publish a report assessing Diversity, Equity, and Inclusion Efforts. Whilst American Express is taking meaningful steps to increase its workforce diversity and promote inclusion, reporting of its diversity statistics has room for improvement. Diversity feeds into social considerations when investing, under the guise of human capital and social opportunities and consequently, improvement in disclosure would benefit shareholders in assessing the company's long-term value and reputational and legal risks.*"

- **Countryside Properties, February 2021. Vote:** Abstain.

  Summary of resolution: Resolution on board composition and remuneration structure

  Rationale: "[Ruffer] *met with David Howell (Chair of the Board) and Amanda Burton (Chair of the Remuneration Committee) to discuss the company's capital allocation strategy. Decisions in this area are critical and will ultimately determine its long-term financial performance. [Ruffer] shared [their] view that the company would benefit from a non-executive director with a proven track record in capital allocation. Given the changing strategy of the business, significant changes need to be made to the remuneration policy to ensure management is incentivised to deliver on the revised strategy and, importantly, to align their interests with shareholders. [Ruffer] shared [their] thoughts around this, including a total shareholder return measure, a meaningful shareholding requirement and ensuring post-cessation and vesting requirements are in line with the guidance from the Investment Association. [Ruffer] attach significant importance to the company's strategy, board composition and executive remuneration as [Ruffer] deem addressing these to be essential for the long-term success of Countryside and all stakeholders."*