

IMPLEMENTATION STATEMENT

Covering the Scheme Year from 1 February 2023 to 31 January 2024

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 Sections 1 and 2 below.

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

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

<https://www.gov.uk/government/consultations/climate-and-investment-reporting-setting-expectations-and-empowering-savers/outcome/reporting-on-stewardship-and-other-topics-through-the-statement-of-investment-principles-and-the-implementation-statement-statutory-and-non-statutory>

1. Introduction

The SIP was reviewed and updated during the Scheme Year in June 2023. This included updates to the voting and engagement policies to reflect the DWP's new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement, which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship, and to reflect changes to the Scheme's investment strategy over the previous year. 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.

Furthermore, the Trustee updated its Responsible Investment Policy in April 2023, to reflect the Trustee's latest policies and to incorporate the 2022 guidance from the DWP referenced above.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

- LGIM: UK corporate governance and responsible investment policy
<https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf>
- Ruffer: Responsible investment policy
<https://www.ruffer.co.uk/-/media/ruffer-website/files/downloads/esg/ruffer-ri-policy.pdf>
- Alcentra: Responsible investment policy
<https://www.alcentra.com/assets/filemanager/documents/Alcentra-Responsible-Investment-Policy-20240529.pdf>

However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

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.

IMPLEMENTATION STATEMENT (continued)

2. Voting and engagement (continued)

In the prior Scheme Year, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustee set the following priorities:

- Corporate Transparency; and
- Business Ethics.

These priorities were selected in order to ensure a baseline of good ESG practice and governance amongst the Scheme's managers. The Trustee felt that these issues were fundamental to resolve before its investment managers could be confident that management teams of the companies the Scheme invests with were suitably managing other, more specific ESG risks (including, for example, climate change and biodiversity). The Trustee communicated these priorities to its managers during the Scheme Year, in March 2023. All of the Scheme's managers confirmed receipt and acknowledged the Trustee's stewardship priorities.

During the Scheme Year the Trustee made a new allocation to the Insight Buy and Maintain Fund, in July 2023. In selecting and appointing Insight to manage this allocation, the Trustee reviewed LCP's Responsible Investment ("RI") assessments of the shortlisted manager and took into consideration how the manager takes ESG considerations into account when managing assets.

In April 2023, as part of updating the Scheme's Responsible Investment Policy, the Trustee received training on responsible investment and stewardship, which included how ESG issues might affect company performance, and how the Trustee and its advisors can help implement the Trustee's views on responsible investment.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore the Trustee expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

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. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis.

Voting data has wherever possible been included in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, for the Scheme's funds that hold equities as follows:

- LGIM Low Carbon Transition Global Equity Index Fund
- Ruffer Absolute Return Fund

Please note that LGIM was only able to provide data to for the period 1 January 2023 to 31 December 2023, as the manager only collates fund-level voting statistics to quarter-end dates. The voting data for Ruffer covers the Scheme Year.

The Trustee has also included commentary on the Alcentra European Direct Lending Fund III, provided by Alcentra, which invests 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. Any holdings in the Alcentra fund with voting rights attached to them form a de minimis proportion of the Scheme's total assets, so the Trustee has not taken additional steps to try and obtain the missing voting data for Alcentra.

IMPLEMENTATION STATEMENT (continued)

3 Description of voting behaviour during the Scheme Year (continued)

The Trustee has 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
- Insight Buy and Maintain Corporate Bonds
- Mercer Multi Asset Credit Fund
- Ares Secured Income Fund
- BlueCrest AllBlue Limited

The Trustee, using information provided by its advisers, believes the voting policies of the investment managers are suitably aligned with the Scheme's stewardship priorities, based on a review of the voting processes, voting behaviour and significant votes included in this statement.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

The managers' 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 managers' policies on stewardship, which the Trustee considers when appointing new managers and periodically thereafter.

Ruffer was not aware of any conflicts of interest present in their voting structure over the year.

LGIM identified several conflicts which may arise, detailed in LGIM's latest conflicts of interest policy: <https://www.lgim.com/landg-assets/lgim/document-library/capabilities/conflicts-of-interest.pdf>

3.1.1 LGIM

LGIM provided the following wording to describe its voting practices:

"All decisions are made by LGIM's Investment Stewardship team and in accordance with [their] relevant Corporate Governance & Responsible Investment policy document which is 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] use 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. [LGIM] also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that [they] receive from ISS for UK companies when making specific voting decisions.

IMPLEMENTATION STATEMENT (continued)

3.1.1 LGIM (continued)

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."

3.1.2 Ruffer

Ruffer provided the following wording to describe its voting processes:

"[Ruffer] endeavour to instruct a vote on [their] total shareholding of the companies held within [their] flagship funds, and on other material holdings above a certain threshold. These securities are added to a mandatory list. Voting on companies not held within these funds is subject to materiality considerations. Exclusions include:

- *where clients or investors have retained the right to vote*
- *equity securities held on behalf of private clients that [Ruffer] do not manage*
- *markets which are subject to share blocking or alternative voting restrictions*

Ruffer will instruct a vote on [Annual General Meeting] and [Extraordinary General Meeting] resolutions, including shareholder resolutions and corporate actions. This is applied to both domestic and international shares, reflecting the global nature of [their] investment approach. [Ruffer] try to vote on most holdings, but [they] retain discretion to not vote when it is in [their] clients' and investors' best interests.

[Ruffer] exercise voting rights on holdings in funds and client portfolios in line with Ruffer's voting guidelines unless [they] are explicitly instructed to take alternative action. [Ruffer] may facilitate clients' voting instructions on both segregated and pooled accounts, if [they] have sufficient administrative capacity and explicit client authorisation.

To ensure that [Ruffer] act in the best interests of [their] clients and investors, [they] review local best practices and corporate governance codes. Where companies do not comply with best practice, [Ruffer] consider their explanations before voting on [Ruffer's] shares.

[Ruffer] have developed an integrated voting platform linked to proxy voting research, currently provided by Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues.

Although [Ruffer] acknowledge proxy advisers' voting recommendations, [they] generally do not delegate or outsource [their] voting decisions. Research Analysts are responsible for reviewing the relevant issues case by case and exercising their judgement, based on their in-depth knowledge of the company. They are supported by [Ruffer's] Responsible Investment team."

IMPLEMENTATION STATEMENT (continued)

3.1.3 Alcentra

Alcentra provided the following wording to describe its voting practices:

“As a credit manager, proxy voting is not material within the context of [Alcentra’s] activities. The number of occasions when Alcentra will be engaged in proxy voting will be limited. It is most likely to occur with high yield bond investments, where an allocation may take on formal voting rights. In such instances, Alcentra uses the opportunity to vote on matters concerning governance and corporate responsibility, applying consistent policies and processes for voting across all instruments and geographies.

Alcentra generally will not be called upon to vote proxies for its private credit investments because of the nature of the instruments involved in the investment strategy (i.e. loans rather than securities). An exception is when Alcentra may hold loan investments which could be converted to voting securities.

When it has voting responsibility, Alcentra will make every attempt to vote when given an opportunity to do so. However, there may be instances when the Firm is unable or unwilling to vote because of legal or operational difficulties or because it believes the administrative burden and/or associated cost exceeds the expected benefit to a client. Alcentra reviews the circumstances for each vote to determine which stance would best serve its clients and votes accordingly.”

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below¹.

	LGIM Low Carbon Transition Global Equity Index Fund	Ruffer Absolute Return Fund
Total size of fund at end of the Scheme Year	~£4,038m	~£2,738m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	~£2.7m / ~1.8%	~£2.3m / ~1.5%
Number of equity holdings at end of the Scheme Year	2,837	63
Number of meetings eligible to vote	4,687	65
Number of resolutions eligible to vote	47,232	1,052
% of resolutions voted	100%	100%
Of the resolutions on which voted, % voted with management	79%	95%
Of the resolutions on which voted, % voted against management	20%	4%
Of the resolutions on which voted, % abstained from voting	0%	2%
Of the meetings in which the manager voted, % with at least one vote against management	66%	8%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12%	9%

IMPLEMENTATION STATEMENT (continued)

3.2 Summary of voting behaviour over the Scheme Year (continued)

¹ The voting data for LGIM covers the period 1 January 2023 to 31 December 2023, as the manager is only able to provide data at quarter-end dates. The voting data for Ruffer covers the period 1 February 2023 to 31 January 2024.

² [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\). Trustees are expected to select “most significant votes” from the long-list of significant votes provided by their investment managers.](#)

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme’s asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA’s criteria for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted “significant votes” to mean those deemed as most significant by the investment managers and which relate to the Trustee’s stewardship priorities. The Trustee has not included all the votes identified as “most significant” by the managers, instead exercising judgement to select votes that align with the Trustee’s stewardship priorities and avoids potential duplication. For example, where multiple votes regarding election of board members 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.

For the sake of brevity, the Trustee has reported on three significant votes per fund. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

3.3.1 LGIM

Amazon.com, Inc., 24 May 2023.

- Vote cast: For resolution.
- Outcome of the vote: Not passed.
- Management recommendation: Against resolution.
- Summary of resolution: Report on median and adjusted gender/racial pay gaps.
- Rationale for the voting decision: LGIM provided the following commentary: *“A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company’s diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.”*
- Approximate size of the Scheme’s mandate’s holding at the date of the vote: 2% of LGIM’s portfolio.
- The reason the Trustee considered this vote to be “most significant”: Relates to the Trustee’s stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was not in line with the manager’s vote. LGIM provided the following commentary: *“LGIM will continue to engage with the company and monitor progress”.*

IMPLEMENTATION STATEMENT (continued)

The Coca-Cola Company, 25 April 2023.

- Vote cast: For resolution.
- Outcome of the vote: Not passed.
- Management recommendation: Against resolution.
- Summary of resolution: Report on congruency of political spending with company values and priorities.
- Rationale for the voting decision: LGIM provided the following commentary: *"LGIM expects companies to be transparent in their disclosures of their lobbying activities and internal review processes involved. While we appreciate the level of transparency Coca-Cola provides in terms of its lobbying practices, it is unclear whether the company systematically reviews any areas of misalignment between its lobbying practices and its publicly stated values. We believe that the company is potentially leaving itself exposed to reputational risks related to funding organisations that take positions that are contradictory to those of the company's stated values, and potentially attracting negative attention that could harm the company's public image and brand. Producing a report on the congruency of political spending with company values and priorities may help the company to identify and question its previous political spending priorities"*.
- Approximate size of the Scheme's mandate's holding at the date of the vote: 0.5% of LGIM's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priorities of corporate transparency and business ethics.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. LGIM provided the following commentary: *"LGIM will continue to engage with the company and monitor progress"*.

Microsoft Corporation, 7 December 2023.

- Vote cast: Against resolution.
- Outcome of the vote: Resolution passed.
- Management recommendation: For resolution.
- Summary of resolution: Elect Director Satya Nadella.
- Rationale for the voting decision: LGIM provided the following commentary: *"Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns"*.
- Approximate size of the Scheme's mandate's holding at the date of the vote: 5% of LGIM's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. LGIM provided the following commentary: *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress"*.

3.3.2 Ruffer

Bayer AG, 28 April 2023.

- Vote cast: For resolution.
- Outcome of the vote: Resolution Passed.
- Management recommendation: For resolution.
- Summary of resolution: Approve Remuneration Report.
Rationale for the voting decision: Ruffer provided the following commentary: *"Ruffer voted in favour of the 2022 compensation report. We have voted against the report for the past two AGMs. Our reasoning is, over this period Bayer has changed its Chairman (Winkeljohann) and recruited an external CEO (Anderson) and, shows evidence of a thoughtful engagement on remuneration with shareholders in their report. The changes in senior leadership we view as key to delivering upon Bayer strategy, reflecting a positive change in corporate governance at the company. The increased shareholder engagement we see as a signal of improved transparency and disclosure between the company and its shareholders, boding well for future interactions. In this case, we view these changes as overall positive and wish to support the Board in its endeavours to deliver value to shareholders."*

IMPLEMENTATION STATEMENT (continued)

3.3.2 Ruffer (continued)

- Approximate size of the Scheme's mandate's holding at the date of the vote: 0.2% of Ruffer's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Ruffer provided the following commentary: *"We will continue to engage with the company on governance issues and vote on remuneration proposals where we deem it to have material impact to the company"*.

Swire Pacific, 11 May 2023.

- Vote cast: Against resolution.
- Outcome of the vote: Resolution passed.
- Management recommendation: For resolution.
- Summary of resolution: Approve issuance of equity of equity-linked securities without pre-emptive rights.
- Rationale for the voting decision: Ruffer provided the following commentary: *"In line with the ISS view. HK listing rules allow for 20% equity issuance without pre-emptive rights. ISS's global view is that 10% should be the limit for this type of thing. As much as the family has behaved well over time, there is always risk that given their control over the business that they could dilute the minority shareholders. Limiting this to 10% without pre-emptive rights is in our best interests"*.
- Approximate size of the Scheme's mandate's holding at the date of the vote: 0.3% of Ruffer's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Ruffer provided the following commentary: *"We will continue to engage with the company on governance issues and vote on equity issuance proposals where we deem it to have material impact to the company"*.

Coty Inc., 2 November 2023.

- Vote cast: For resolution.
- Outcome of the vote: Resolution passed.
- Management recommendation: For resolution.
- Summary of resolution: Vote on the re-election of Mariasun Aramburuzabala (Board of Directors).
- Rationale for the voting decision: Ruffer provided the following commentary: *"We voted in favour of the re-election of one of the Board directors, Mariasun Aramburuzabala. ISS noted that Aramburuzabala's attendance at board meetings was below the threshold it deems appropriate, therefore recommended a vote against. On the basis Coty has acknowledged her absence, stated it expects her attendance to increase in future and, her attendance fell just below the threshold (75%), we have elected to support management on this resolution. However, we may reassess our position at the next AGM if her attendance does not increase"*.
- Approximate size of the Scheme's mandate's holding at the date of the vote: 0.2% of Ruffer's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Ruffer provided the following commentary: *"We may reassess our position at the next AGM if her attendance does not increase"*.