IMPLEMENTATION STATEMENT

Covering the Scheme Year from 1 February 2024 to 31 January 2025

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 November 2024. This included updates to reflect changes to the Scheme's investment strategy over the Scheme Year. No changes to the voting and engagement policies were made as part of this review. The Trustee last formally reviewed the voting and engagement policies in June 2023. 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.

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://cms.lgim.com/globalassets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.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-20241024.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.

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.

IMPLEMENTATION STATEMENT (continued)

2. Voting and engagement (continued)

At the May 2024 Trustee meeting, the Trustee received training on how systemic risks (including climate change) could impact the Scheme. It was noted that engagement (with investment managers, company boards and policymakers) is the key means by which to address systemic risks.

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 were only able to provide data to for the period 1 January 2024 to 31 December 2024, as the manager only collates fund-level voting statistics to quarter-end dates. Ruffer has provided data for the one-year period to 22 January 2025, which is the date the Trustee fully redeemed from the Ruffer fund.

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.

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 Global ABS Fund
- Insight Buy and Maintain Corporate Bonds
- LGIM Sterling Liquidity Fund
- BlueCrest AllBlue Limited

IMPLEMENTATION STATEMENT (continued)

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 and Conflicts of Interest policy documents 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.*
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> *[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.*
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> *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:*
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> - *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*

IMPLEMENTATION STATEMENT (continued)

3.1.2 Ruffer (continued)

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."

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."

IMPLEMENTATION STATEMENT (continued)

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].

	LGIM Low Carbon Transition Global Equity Index Fund	Ruffer Absolute Return Fund
Total size of fund at end of the Scheme Year	~£5,806m	~£2,587m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£0 (~£9.1m at point of disinvestment)	£0 (~£11.0m at point of disinvestment)
Number of equity holdings at end of the Scheme Year	2,719	117
Number of meetings eligible to vote	4,786	61
Number of resolutions eligible to vote	47,788	1,035
% of resolutions voted	100%	100%
Of the resolutions on which voted, % voted with management	80%	97%
Of the resolutions on which voted, % voted against management	19%	3%
Of the resolutions on which voted, % abstained from voting	1%	0%
Of the meetings in which the manager voted, % with at least one vote against management	62%	28%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11%	4%

[1] The voting data for LGIM covers the period 1 January 2024 to 31 December 2024, as the manager is only able to provide data at quarter-end dates. The voting data for Ruffer covers the period 23 January 2024 to 22 January 2025.

[2] The Trustee fully redeemed from the LGIM equities and Ruffer fund on 18 December 2024 and 22 January 2025 respectively. We have provided the value of the Scheme's holdings in the funds at the time of redemption.

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.

IMPLEMENTATION STATEMENT (continued)

3.3 Most significant votes (continued)

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

Alphabet Inc, 7 June 2024.

- Summary of resolution: Elect director John L. Hennessy.
- Vote cast: Against resolution.
- Management recommendation: For resolution.
- Outcome of the vote: Resolution passed.
- Rationale for the voting decision: LGIM provided the following reasons for voting against this resolution:

  LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background;

  LGIM expects a company to have at least one-third women on the board;

  LGIM expects the Chair of the Committee to have served on the board for no more than 15 years to maintain independence and a balance of relevant skills, experience, tenure, and background; and

  LGIM supports the equitable structure of one-share-one-vote. LGIM expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

- Approximate size of the Scheme's mandates holding at the date of the vote: 1.5% 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 [its] investee companies, publicly advocate [its] position on this issue and monitor company and market-level progress."*

Walmart Inc, 5 June 2024.

- Summary of resolution: Establish a company compensation policy of paying a living wage.
- Vote cast: For resolution.
- Management recommendation: Against resolution.
- Outcome of the vote: Not passed
- Rationale for the voting decision: LGIM provided the following commentary: *"A vote in favour is applied as LGIM would encourage the company to establish a compensation policy that ensures employees earn a living wage. This is because paying a living wage may reduce the potential negative financial impacts that stem from low worker morale/poor health/absenteeism/presenteeism, high staff turnover etc."*
- Approximate size of the Scheme's mandates holding at the date of the vote: 0.4% of LGIM's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of 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 [its] investee companies, publicly advocate [its] position on this issue and monitor company and market-level progress."*

IMPLEMENTATION STATEMENT (continued)

Vertex Pharmaceuticals Incorporated, 15 May 2024.

- Summary of resolution: Vote to reduce ownership threshold for shareholders to call special meetings
- Vote cast: For resolution.
- Management recommendation: Against resolution.
- Outcome of the vote: Resolution passed.
- Rationale for the voting decision: LGIM provided the following commentary: *"Shareholder Resolution - Shareholder rights: A vote in favour is applied as the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold."*
- Approximate size of the Scheme's mandates holding at the date of the vote: 0.2% 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 [its] investee companies, publicly advocate [its] position on this issue and monitor company and market-level progress."*

3.3.2 Ruffer

Amazon, 22 May 2024.

- Summary of resolution: Request to report on human rights violations.
- Vote cast: For resolution.
- Management recommendation: Against resolution.
- Outcome of the vote: Not passed.
- Rationale for the voting decision: Ruffer provided the following commentary: "[*Ruffer] voted in favour of a shareholders resolution requesting the Board of Directors to commission an independent third-party report, assessing Amazon's customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations. [Ruffer's] support for the resolution is based on the belief that such a report may highlight some concerning issues that may protect Amazon from future reputational damage".*
- Approximate size of the Scheme's mandates holding at the date of the vote: 0.6% of Ruffer's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of business ethics.
- Outcome and next steps: The outcome was not in line with the manager's vote. Ruffer provided the following commentary: *"We will continue to engage with the company and may seek to engage if no progress is seen".*

ExxonMobil, 29 May 2024.

- Summary of resolution: Request to report on gender/racial pay gaps.
- Vote cast: For resolution.
- Management recommendation: Against resolution.
- Outcome of the vote: Not passed.
- Rationale for the voting decision: Ruffer provided the following commentary: *"[Ruffer] voted in favour of a shareholder resolution requesting a report on median gender/racial pay gaps. [Ruffer] believe publishing the unadjusted pay gap statistic could increase accountability for diversity, inclusion and equity may provide shareholders with useful information about how effectively management is assessing and mitigating risks related to its employees. Median and adjusted gender/ethnicity/disability pay gap reporting is best practice and is a regulatory requirement in the UK. Therefore, [Ruffer] voted in favour of this proposal".*
- Approximate size of the Scheme's mandates 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 and may seek to engage if no progress is seen".*

IMPLEMENTATION STATEMENT (continued)

3.3.2 Ruffer (continued)

Banco Santander SA, 21 March 2024.

- Summary of resolution: Vote to approve a 5% uplift in senior management compensation.
- Vote cast: For resolution.
- Management recommendation: For resolution.
- Outcome of the vote: Resolution passed.
- Rationale for the voting decision: Ruffer provided the following commentary: *"Santander proposed a 5% pay uplift in the base salary of its CEO and Executive Chair. [Ruffer] voted to approve the remuneration policy, despite ISS's recommendation to vote against, as [Ruffer] believe the uplift is not material. In fact, [Ruffer] find that this uplift may reflect an attempt to catch up with the industry peers. Although ISS flagged the potential for the policy to exacerbate existing pay-for-performance concerns, [Ruffer] believe the remuneration policy is sensible, and the pay increase is not a large enough to relinquish [its] support of management"*.
- Approximate size of the Scheme's mandates 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 in line with the manager's vote. Ruffer provided the following commentary: *"We will continue to monitor company performance to ensure the remuneration policy is appropriate"*.