

T Crossling & Co Limited 1972 Pension and Life Assurance Scheme

Implementation Statement for Scheme Year Ending 5 April 2024

Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustees of the T Crossling & Co Limited 1972 Pension and Life Assurance Scheme ("the Scheme") to set out the following information over the year to 5 April 2024:

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

The voting behaviour is not given over the Scheme year end to 5 April 2024 because the Scheme's investment managers only report on this data quarterly. We have therefore given the information over the year to 31 March 2024.

Scheme year material event

In October 2022, the Scheme purchased a bulk annuity policy with Legal and General Assurance Society ("LGAS") which will meet the benefit entitlements of each of the Scheme's members.

The Scheme had a surplus after purchasing this policy and as at 5 April 2024 the Scheme's remaining assets were invested with Baillie Gifford & Co Limited ("Baillie Gifford") and Legal & General Investment Management ("LGIM") as outlined below:

Manager	Fund	Asset Class
Baillie Gifford	Diversified Growth Fund	Diversified Growth
LGIM	Buyout Aware Funds	Liability Matching

Stewardship Policy

The Trustees' Statement of Investment Principles (SIP) in force at 5 April 2024 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in January 2023 and is available online here:

[Statement of Investment Principles](#)

No changes were made to the stewardship policy over the year. The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

Given the Scheme's purchase of the bulk annuity policy during this Scheme year, the Trustees have decided not to set stewardship priorities.

The Trustees' policies on voting and engagement

The following extracts from the Scheme's Statement of Investment Principles ("SIP") in force as at 5 April 2024 describes the Trustees' policy on the exercise of rights (including voting rights) and engagement activities. The Trustees' full policies on Environmental, Social and Governance ("ESG") considerations, stewardship and investment manager arrangements are set out in the SIP.

"The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses."

How voting and engagement policies have been followed

Based on the information provided by Baillie Gifford and at a firm-level for LGIM (given the nature of the assets held), the Trustees believe that their policies on voting and engagement have been met in the following ways:

- In October 2022, the Scheme purchased a bulk annuity policy with LGAS which will meet the benefit entitlements of each of the Scheme's members.
- The Scheme's remaining surplus assets are invested entirely in pooled funds and, as such, the Trustees delegate responsibility for carrying out voting and engagement activities to the Scheme's investment managers. Investment rights (including voting rights) have been exercised by the managers in line with their general policies on corporate governance. The Trustees also expect the managers to have engaged with the companies in which they invest in relation to ESG matters.
- The Trustees receive and review voting and engagement data from the Scheme's investment managers on an annual basis, which they review and report in their annual Implementation Statement (with the help of their investment advisor).

Summary

The Scheme's investment managers are signatories to the UK Stewardship Code or equivalent. The Trustees considers the performance of the funds held with each investment manager as required and any significant developments that arise, noting that the majority of assets are held with LGAS.

The Trustees have reviewed the summary data below in respect of the managers' voting and engagement activities and are comfortable that the actions of the investment managers are in alignment with the Scheme's voting, engagement and stewardship policies. The Trustees have not undertaken a formal review of the voting and engagement activities (outside of the information contained within the Implementation Statement) over the year.

**Prepared by the Trustees of the T Crossling & Co Limited 1972 Pension and Life Assurance Scheme
October 2024**

Voting Data

This section provides a summary of the voting activity undertaken by the investment manager within the Scheme's portfolio on behalf of the Trustees over the year to **31 March 2024**.

Voting summary

There are no voting rights attached to the LGIM Buyout Aware Funds given the nature of these funds. Therefore, these funds are not included in the table below.

Manager	Baillie Gifford
Fund name	Diversified Growth Fund
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
Number of company meetings the manager was eligible to vote at over the year	66
Number of resolutions the manager was eligible to vote on over the year	690
Percentage of resolutions the manager voted on	94.1%
Percentage of resolutions the manager abstained from	0.5%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	96.8%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	2.8%
Proxy voting advisor employed *	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations, they do not rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford utilises two proxy advisers' voting research, ISS and Glass Lewis, for information only. They also have specialist proxy advisors in the Chinese and Indian markets to provide them with more nuanced market specific information, ZD Proxy and IIAS respectively.
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	n/a

Source: Baillie Gifford

Totals may not sum up due to rounding

*A proxy advisor is a company that advises how owners of shares should vote on resolutions at shareholder meetings and, where applicable, the proxy advisor can also vote on behalf of the owners of the shares

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustees have asked the investment manager to determine what they believe to be a “significant vote”.

Given the Scheme’s purchase of a bulk annuity policy over the year, which covers all Scheme benefits, the Trustees did not communicate voting preferences to their investment managers during the period. In future, the Trustees may consider the most significant votes in relation to the surplus, in conjunction with any agreed stewardship priorities/ themes as applicable.

Baillie Gifford have provided a selection of 10 votes which they believe to be significant. In the interest of concise reporting the table below shows three of these votes, that cover a range of themes. To represent the most significant votes cast on behalf of the Scheme, the votes of the largest holdings relating to each topic are shown.

A summary of the significant votes to 31 March 2024 provided is set out below.

Baillie Gifford Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Montea NV	Prologis, Inc.	Prysmian S.P.A.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.2	0.6	0.6
Summary of the resolution	Amendment of Share Capital	Remuneration	Remuneration
How the manager voted	For	Against	Against
Rationale for the voting decision	Baillie Gifford supported two proposals which related to the renewal of the authorisation to increase share capital. They believe it's in the interest of shareholders for the company to have unfettered access to equity to enable them to exploit the current window of opportunity of external growth.	Baillie Gifford opposed executive compensation because they do not believe the performance conditions for the long-term incentive plan are sufficiently stretching.	Baillie Gifford opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. They believe the use of discretion should be carefully evaluated and used to support and prioritise the long-term business prospects.
Outcome of the vote	Pass	Fail	Pass
Implications of the outcome	The company sought Baillie Gifford's opinions ahead of the shareholder meeting. Baillie Gifford were supportive of their request for capital as it puts them into a good position to exploit the current window of opportunity for external growth.	Baillie Gifford will re-iterate their expectation to the Company and monitor the evolution of pay going forward.	Baillie Gifford supported the forward-looking remuneration policy at the meeting, and anticipate supporting the remuneration report next year, but will continue to monitor for further use of discretion.
Criteria on which the vote is considered “significant”	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it received greater than 20% opposition.

Engagement Data

The Scheme's investment managers may engage with their investee companies on behalf of the Trustees.

Summary of engagement activities

The table below provides a summary of the engagement activity undertaken by the Scheme's investment managers within each fund. The information is given over the year to 31 March 2024 where available. Engagement activities are limited for the Scheme's holdings with LGIM due to the nature of the underlying holdings, so engagement information for these assets has been shown at a firm level only.

Fund name	Baillie Gifford Diversified Growth Fund	LGIM Buy-out Aware Funds
Number of engagements undertaken on behalf of the holdings in this fund in the year	41	n/a
Number of engagements undertaken at a firm level in the year	744*	2,144

*Firm level engagement data correct up to 31st December 2023

Examples of engagement activities undertaken over the year to 31 March 2024

Baillie Gifford Diversified Growth Fund

Nexans S.A.

Baillie Gifford's objective with this engagement was to assess the materiality of sustainability for the overall investment case. In a meeting with the Investor Relations manager and Vice President of Sustainability, they covered various subjects, including competitive positioning, decarbonisation, copper market dynamics, circularity, and the philosophy of Nexans' corporate governance. Baillie Gifford were left with the impression of a thoroughly integrated sustainability proposition across the spokes of Environmental, Social, and Governance. They were also impressed by the communication of the company representatives and their strong sense of mission and strategic engagement. Baillie Gifford have gained a better understanding of the risks and opportunities facing the company from a sustainability perspective. These are material considerations for the overall investment case. The visit to the corporate HQ also had the unexpected result of highlighting a seemingly very strong corporate culture.

EDP Renovaveis, S.A.

As a key investor in EDPR, Baillie Gifford were offered a meeting with the company's CEO, Miguel Stilwell d'Andrade. Baillie Gifford have been an active shareholder of EDPR for many years and this formed part of their ongoing conversations. The Multi-Asset Team's Infrastructure Lead and ESG Analyst joined this engagement. They discussed how the political and regulatory environment has changed over the last year, standout non-financial factors, and the impact of inflation on its new projects. This meeting delved into the drivers behind EDPR's new business plan, which sets out its ambitions to accelerate renewable deployment. This has been progressed by its recent capital raise. Baillie Gifford were reassured by management's comments that every new project must earn a reasonable spread over the company's cost of capital for EDPR to proceed with the investment. They also shared their perspectives and gained insight from Miguel on EDPR's community relations, health and safety record, and culture.

LGIM

APA

APA is Australia's largest energy infrastructure business. LGIM have been engaging with the company since 2022 since they were identified as lagging expectations on climate-related lobbying activities.

In early 2022, LGIM set out the expectations and criteria they consider in assessing whether to support them. LGIM expect companies to set out credible transition plans, in line with the Paris goals and include the disclosure of scope 1, 2 and material scope 3 emissions.

APA were unable to meet these expectations, as they did not include a Scope 3 emissions target, and when APA Group brought its Climate Transition Plan to a vote, LGIM were unable to support it. LGIM have subsequently met and continued to engage with APA to build their relationship, set out expectations, and understand the hurdles that APA faces when meeting those expectations.

In early 2024, APA were able to confirm that they will include a Scope 3 emissions target in the 2025 refresh of their Climate Transition Plan and laid out their scope 3 reduction pathway.

Nestle

Nestle is one of the worlds largest food companies and sets and example for others in the industry. There is a direct link between poor diets and chronic health conditions, which in turn can increase healthcare costs and decrease productivity.

In 2022, LGIM co-signed letters to 12 food and beverage companies, including Nestle, encouraging them to do more in several areas. These areas included transparency around their nutrition strategy, and progress against this, as well as their portfolio and sales associated with healthy food and drinks products.

In late 2022 Nestle announced that they would report on their global portfolio using the nutrient profiling system, Health Star Rating, which LGIM viewed as positive. However, in September 2023, Nestle released their new nutrition target which LGIM viewed as not ambitious enough. Their main concerns were that the target was broadly in line with the company's current overall growth guidance, i.e. sales of unhealthier products was also likely to increase in line with this guidance. Also some of the products counted as "nutritious" by Nestle were outside of the scope of the government endorsed nutrient profile models.

LGIM co-filed a resolution in 2024 calling on the company, to set key performance indicators for absolute and proportional sales figured for products according to their healthfulness and in line with the government-endorsed Nutrient Profiling Model and provide a timebound target to increase the proportion of sales derived from these healthier products. LGIM will continue to monitor the company's response and actions to this.