

Engagement Policy Implementation Statement (“EPIS”)

Pension and Life Assurance Plan of Cross Manufacturing Company (1938) Limited (the “Plan”)

Plan Year End – 30 June 2024

The purpose of the EPIS is for us, the Trustees of the Pension and Life Assurance Plan of Cross Manufacturing Company (1938) Limited, to explain what we have done during the year ending 30 June 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In April 2023, we secured an annuity policy with Aviva which covers the majority of the Plan’s assets. This report will therefore only report on the residual portfolio (less than 10% of the total holdings) which are invested in a BlackRock Property Fund – a full redemption of this fund has been instructed but such requests have been deferred until Q1 2025.

The Plan also does not hold any assets with voting rights, so no voting activities have been conducted on our behalf.

How engagement policies have been followed

The majority of the assets are invested in the annuity policy underwritten by Aviva (the “Insurer”). The Plan’s residual material assets remain invested in the BlackRock UK Property Fund.

The responsibility for engagement of the residual property assets is delegated to the Plan’s material investment manager, BlackRock, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the investment manager carried out over the Plan year and in our view, the investment manager was able to disclose good evidence of engagement activity. More information on the stewardship activity carried out by BlackRock can be found in the following sections of this report.

The Plan’s stewardship policy can be found in the SIP:
<https://www.crossmanufacturing.com/documentation/cross-workplace-pensions/>

Our Engagement Action Plan

The responsibility for managing arrangements with the Insurer’s underlying investment managers lies with the Insurer. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the long-term objectives of the Insurer; as well as having appropriate performance, costs (including turnover costs), and remuneration monitoring with respect to the appointed asset managers. In addition, we expect that the Insurer uses its influence and purchasing power (where possible) to ensure that Environmental, Social, and corporate Governance (“ESG”) factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

We have limited ability to incentivise the Insurer to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of the buy-in policies, such as the Annuity purchased by the Plan, we believe that the Insurer is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.

We recognise our responsibilities as a steward of investment capital; however, in endeavouring to invest in the best financial interests of the beneficiaries, we elected to purchase the Annuity and recognise that we cannot, therefore, directly influence the ESG integration nor stewardship policies and practices of the Insurer.

Should we be provided with any opportunity which we deem appropriate to incentivise our managers and the Insurer concerning these areas, we will consider this and take reasonable steps. We were unaware of any such opportunity during the Plan year in scope.

For the residual illiquid investment held with BlackRock, the manager did not provide the engagement data relating to its UK Property Fund in the requested format. The manager did however provide a quarterly report for the fund which highlights that tenants are engaged on a range of ESG issues including water and energy efficiency, wildlife conservation and health and wellbeing. Due to the planned divestment from the fund however, we acknowledge the limited materiality of stewardship for the residual assets that remain invested with BlackRock.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material manager. The manager has provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a firm level
	Fund level	Firm level	
BlackRock - UK Property Fund	<i>Not provided</i>	3,768	Environment* - Climate and Natural Capital Social* - Company Impacts on People Governance* - Broad Quality and Effectiveness. Strategy, Financial and Reporting* - Strategy and Finance Resilience Other* - Incentives Value Creation

Source: Manager. *BlackRock did not provide fund level themes; themes provided are at a firm-level.

Data limitations

At the time of writing, BlackRock did not provide fund-level engagement information.

Approved by the Trustees of the Pension & Life Assurance Plan of Cross Manufacturing Company (1938) Ltd