

Engagement Policy Implementation Statement (“EPIS”)

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

Plan Year End – 30 June 2023

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 2023 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. Hence, most of the Plan’s assets are invested in Aviva as an Annuity Policy. The residual holdings (less than 10% of the total Plan’s holdings) remain invested with BlackRock in the form of a UK property fund, from which a full redemption has been instructed. However, this fund is currently deferring redemptions potentially until Q4 2024.

How voting and 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 assets remain invested in the BlackRock UK Property Fund.

Further this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Plan’s assets that are held as AVCs.

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 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.

For the residual illiquid investment held by the Plan: BlackRock did not provide any fund-level engagement information, however the manager provided firm-level engagement information overleaf. Due to the planned divestment from the fund, 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 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 manager's 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 the engagement activity carried out by the Plan's material manager. BlackRock has provided information for the most recent calendar year available.

Fund	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
BlackRock - UK Property Fund	<i>Not provided</i>	3,886	Environment - Climate and natural capital Social - Company impacts on people Governance - Board quality and effectiveness Strategy, Financial and Reporting - Strategy, purpose, and financial resilience

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

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