

# Cromwell Hospital Retirement Benefits Plan Implementation Statement

## Purpose

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This statement provides information on how, and the extent to which, the Trustee's policies in relation to the exercising of rights (including voting rights), attached to the Plan's investments, and engagement activities have been followed during the year ended 5 April 2022 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Background

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During 2019, the Trustee received training on Environmental, Social and Governance ("ESG") issues from its Investment Adviser, XPS Investment Limited ("XPS") and discussed its beliefs around those issues. This enabled the Trustee to consider how to update its policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers' own equivalent policies. Further to this, during 2020, the Trustee received training in relation to voting and engagement issues which enabled it to refine its policies in relation to such issues. The Trustee's new policy was documented in the updated Statement of Investment Principles dated 28 September 2020.

During the reporting year, the Trustee had discussions with the Sponsor regarding the Bupa Group's Responsible Investment Policy and agreed to amend the Plan's investment strategy to take this into consideration. As a result, the Trustee received additional training in relation to sustainable equity investments as part of the discussions. Towards the end of the Plan year, the Trustee agreed to transfer the Plan's entire allocation to Diversified Growth Funds to a sustainable passive ESG equity fund.

The Statement of Investment Principles signed on 28 September 2020 was therefore the version of the document in force as at the Plan year end. The Statement will be updated after the Plan year end to reflect strategic and manager selection decisions made by the Trustee towards the Plan year end, the final stages of which are expected to be implemented in 2022.

## Manager selection exercises

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One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Trustee reviewed the appropriateness of its investment strategy and a decision was made to invest in the sustainable passive equity mandate to replace the Plan's existing holdings in Diversified Growth Funds. The proposed fund's mandate would need to be in line the Bupa Group Responsible Investment Policy and the Trustee's policy. XPS Investment's rating of the fund in terms of its ESG capabilities was also taken into consideration. The Trustee decided to invest in the State Street World TPI Transition Index Equity Sub-Fund. The implementation of this strategy change had not yet been completed at Plan year end.

There have been no other manager changes or selection exercises undertaken during the year.

## Ongoing governance

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The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this

statement. Further, the Trustee has set XPS the objective of ensuring the selected managers reflect the Trustee's views on ESG (including climate change) and stewardship.

ESG issues are kept under review as part of the quarterly monitoring process, with the Plan's exposure to tar sands, controversial weapons, tobacco and coal reported on each quarter. The Trustee will communicate any concerns regarding ESG with the relevant investment manager organisations when, for example, they present at meetings.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually. Stewardship and ESG matters are therefore regularly discussed at Trustee meetings.

### **Adherence to the Statement of Investment Principles**

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During the reporting year the Trustee was satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

## Voting activity

The main asset class where the investment managers will have voting rights is equities. Investments in equities form part of the strategies for the diversified growth funds in which the Plan invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is as follows:

### Legal and General Investment Management:

#### Voting Information

Legal and General Investment Management Dynamic Diversified Fund

The manager voted on 99.79% of resolutions of which it was eligible out of 71,658 eligible votes.

#### Investment Manager Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

#### Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which it reviews 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 LGIM's 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.

#### How does this manager determine what constitutes a Significant Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure it continues to help clients in fulfilling their reporting obligations.

LGIM also believes public transparency of its vote activity is critical for clients and interested parties to hold it to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what it deemed were 'material votes'. LGIM is evolving its approach in line with the new regulation and is committed to provide clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where it notes a significant increase in requests from clients on a particular vote;
  - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provides information on significant votes in the format of detailed case studies in its quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. They also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

### Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receives from ISS for UK companies when making specific voting decisions

To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what it considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its 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 its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

For more information on how LGIM uses the services of proxy providers, please refer to the following document available on LGIM's website: [https://www.lgim.com/landg-assets/lgim/\\_document-library/capabilities/how-lgim-uses-proxy-votingservices.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-votingservices.pdf)

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Technology Company	Elect Director	Against	94.7% of shareholders

			supported the resolution
LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.			
Technology Company	Resolution 9 – Report on Civil Rights Audit	For	53.6% of shareholders supported the resolution
LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.			
Mining Company	Resolution 1.2 Elect Director	Withhold	93.0% of shareholders supported the resolution
LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.			
Mining Company	Resolution a1 Elect Director	Withhold	87.6% of shareholders supported the resolution
LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.			
Energy Corporation	Resolutions 1.1 Elect Director	Withhold	88.1% of shareholders supported the resolution
LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.			

#### Abrdn (Aberdeen Standard) Investments

#### Voting Information

#### Abrdn Global Absolute Return Strategies (GARS)

The manager voted on 99.93% of resolutions of which it was eligible out of 1420 eligible votes.

#### Investment Manager Client Consultation Policy on Voting

Abrdn will consult with clients who have a segregated mandate in place.

#### Investment Manager Process to determine how to Vote

Abrdn's voting policy can be found on its website.  
[https://vds.issgovernance.com/repo/2024/policies/Listed\\_Company\\_Stewardship\\_Guidelines.pdf](https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf)

How does this manager determine what constitutes a Significant Vote?

Abrdn view all votes as significant and vote all shares globally for which it has voting authority, unless there are significant voting obstacles such as share blocking. In line with PLSA requirements Abrdn identifies and records what it deems to be the most significant votes across its holdings. Abrdn have identified five categories of votes it considers as significant and have ordered these based on its view of their importance. This enables Abrdn to provide a specified number of votes across a client’s portfolio upon request. Members of Abrdn’s Central ESG Investment Function carry out a monthly review to identify and categorise significant votes. These categories and details of the underlying votes captured are as follows:

Significant Vote Category 1 ('SV1'): High Profile Votes

- Focus on votes which received public and press interest with a focus on its large, active holdings
  - Focus on votes which reflect significant governance concerns regarding the company
    - Resolutions proposed by Abrdn

Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions

- Votes on shareholder E&S proposals where it has engaged with the proponent or company on the resolution
  - Votes on management-presented E&S proposals
- Focus on shareholder proposals where it has voted contrary to management recommendations

Significant Vote Category 3 ('SV3'): Engagement

- Focus on resolutions where it has engaged with the company on a resolution
- Focus on resolutions where post-engagement it has voted contrary to its custom policy

Significant Vote Category 4 ('SV4'): Corporate Transactions

- Focus on selected votes which have a financial impact on the investment with a focus on acquisitions

Significant Vote Category 5 ('SV5'): Votes contrary to custom policy

- Focus on large active holdings where it has voted contrary to custom policy following analysis

In addition, Abrdn’s voting policy can also be found on its website:

[https://vds.issgovernance.com/repo/2024/policies/Listed\\_Company\\_Stewardship\\_Guidelines.pdf](https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf)

Does the manager utilise a Proxy Voting System? If so, please detail

Abrdn utilises the services of ISS for all its voting requirements.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
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Investment Bank and financial services company	Labor Issues - Discrimination and Miscellaneous; Report on Racial Equity Audit	For	Not available
Technology Corporation	Gender Pay Gap; Report on Gender/Racial Pay Gap	For	Not available
Technology Corporation	Workplace Sexual Harassment; Report on Effectiveness of Workplace Sexual Harassment Policies	Against	Not available
Technology Corporation	Miscellaneous Proposal -- Environmental & Social; Prohibit Sales of Facial Recognition Technology to All Government Entities	Against	Not available
Technology Corporation	Labor Issues - Discrimination and Miscellaneous; Report on Implementation of the Fair Chance Business Pledge	Against	Not available

Note: Voting information provided by LGIM and Abrdn covers the 12 months to 31 March 2022.

Signed: Arthur Walford  
Chair of Trustee Directors

Date: 27/10/2022