



THE CRANLEIGH SCHOOL PENSION SCHEME

IMPLEMENTATION STATEMENT

FOR THE YEAR ENDED 5 APRIL 2025

The Trustees of the Cranleigh School Pension Scheme (the “Scheme”) are 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 Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their 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 Trustees have 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.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The last time these policies were formally reviewed was April 2023.

The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustees have delegated to their investment manager, Legal & General Investment Management (“LGIM”), the exercise of rights attaching to investments, including voting rights, and engagement. LGIM’s policy can be found at the following link (and a summary of its voting behaviour is included in section 3.1): LGIM’s Engagement Policy 2020. However, the Trustees take ownership of the Scheme’s stewardship by monitoring and engaging with LGIM 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 as well as its approach to financially material considerations (including climate change and other ESG considerations).

At the March 2023 meeting, the Trustees discussed and agreed stewardship priorities for the Scheme which were: Climate Change and Board Remuneration. The priorities were selected after discussion of the various priorities suggested by the DWP guidance and felt that these were the most important. The Trustees updated the SIP in April 2023 and communicated these priorities to the investment manager, LGIM.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustees aims to have an ongoing dialogue with its investment manager to clarify expectations and encourage improvements. At the March 2025 meeting, the Trustees reviewed the results of LCP’s 2024 Responsible Investment (“RI”) Survey. The survey assessed LGIM’s firmwide RI approach to five specific areas (ESG foundations, Net zero, Engagement, Voting (where applicable) and Systemic stewardship).

LGIM's rating was green for all areas except for engagement, where LGIM was rated amber. The Trustees reviewed the survey ratings and confirmed their acceptance of the findings.

3. Description of voting behaviour during the Scheme year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment manager, LGIM, the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year. However, the Trustees monitor managers' voting and engagement behaviour on an annual basis and challenge managers where their activity has not been in line with the Trustees' expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- LGIM Low Carbon Developed Markets Equity Index Fund;
- LGIM Global Equity Fixed Weights (50:50) Index Fund (GBP Hedged);
- LGIM World Emerging Markets Equity Index Fund; and,
- LGIM Diversified Fund.

We have omitted the LGIM active corporate bond fund and the LGIM Secured Income Assets Fund as these would not ordinarily have any equity holdings.

3.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which their manager, LGIM, has in place. The Trustee reviewed these policies in March 2023, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustees' views.

LGIM

LGIM's voting and engagement activities are driven by ESG professionals and are reviewed annually, taking 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 develops its voting and engagement policies.

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

The 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 its strategic decisions. LGIM uses ISS recommendations but 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 the proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions that apply to all markets globally.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy.

3.2 Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the table below.

Fund name	LGIM Low Carbon Developed Markets	LGIM Global Equity Fixed Weights (50:50) (GBP Hedged)	LGIM World Emerging Markets	LGIM Diversified Fund
Total size of fund at end of the Scheme Year	£1,974.8m	£152.0m	£2,798.8m	£11,976.3m
Value of Scheme assets at end of the Scheme Year	£0.9m	£0.7m	£0.3m	£1.8m
Number of equity holdings at end of the Scheme Year	1,341	2,885	1,820	7,203
Number of meetings eligible to vote	1,527	2,981	4,366	10,796
Number of resolutions eligible to vote	21,428	37,792	34,789	107,020
% of resolutions voted	99.5%	99.8%	99.9%	99.8%
Of the resolutions on which voted, % voted with management	78.2%	81.7%	80.4%	76.5%
Of the resolutions on which voted, % voted against management	21.3%	18.0%	17.1%	22.4%
Of the resolutions on which voted, % abstained from voting	0.5%	0.3%	2.5%	1.1%
Of the meetings in which the manager voted, % with at least one vote against management	78.9%	69.0%	50.7%	69.3%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	15.9%	13.0%	6.3%	13.7%

LGIM was unable to provide data for the Scheme year to 5 April 2025, so data for the year to 31 March 2025 has been used.

3.3 Most significant votes over the year

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 Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have 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.

The Trustees have interpreted "significant votes" to mean those that:

- align with the Trustees' stewardship priorities: Climate Change and Board Remuneration;
- 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 LGIM notes a significant increase in requests from clients on a particular vote; and
- a vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's five-year ESG priority engagement themes.

The Trustees have reported on one of these significant votes per fund.

LGIM Low Carbon Developed Markets Equity Index Fund

Tesla, Inc.

Relevant stewardship priority: Board remuneration.

Summary of resolution: Advisory vote to ratify named executive officers' (NEO) compensation

Vote: Against.

Management recommendation: For.

Rationale: A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. A vote AGAINST this proposal is warranted. While most NEOs received modest or no compensation for FY23, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.

Outcome: Pass.

Approximate size of the Fund's holding at the date of the vote: 1.4% for LGIM Low Carbon Developed Markets Equity Index Fund

Criteria against which this vote has been assessed as "most significant": This resolution is considered significant as it pertains to one of our key stewardship 'sub-themes', executive pay

3.3 Most significant votes over the year (continued)

LGIM Global Equity Fixed Weights (50:50) Index Fund (GBP Hedged) and LGIM Diversified Fund:

National Grid Plc

Relevant stewardship priority: Climate change.

Summary of resolution: Approve Climate Transition Plan.

Vote: For.

Management recommendation: For.

Rationale: LGIM voted in favour of the National Grid Climate Transition plan. LGIM commended the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science based targets. LGIM also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.

Outcome: Pass.

Approximate size of the Fund's holding at the date of the vote: 0.9% for LGIM Global Equity Fixed Weights (50:50) Index Fund (GBP Hedged) and 0.2% for LGIM Diversified Fund

Criteria against which this vote has been assessed as "most significant": LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.

LGIM World Emerging Markets Equity Index Fund:

Meituan

Relevant stewardship priority: Climate change.

Summary of resolution: Elect Wang Xing as Director

Vote: Against.

Manager recommendation: For.

Rationale: Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. A vote against the election of Wang Xing and Mu Rongjun is warranted given that their failure to ensure the company's compliance with relevant laws and regulations raise serious concerns on their ability to fulfil their fiduciary duties in the company. In additional, a vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.

Outcome: Pass.

Approximate size of the Fund's holding at the date of the vote: 1.0%

Criteria against which this vote has been assessed as "most significant": LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors. Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.