



# Implementation Statement

Creative Pension Trust | Creative Auto Enrolment Pension



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## 1. INTRODUCTION

This Implementation Statement (the “Statement”) has been prepared by PAN Trustees UK LLP, Roger Mattingly, Robert Branagh and BESTrustees Limited (together the “Trustees”), as the Trustees of Creative Pension Trust (the “Scheme”) in consultation with Lane Clark & Peacock LLP (the “Investment Adviser”) and Creative Auto-Enrolment Limited (the “Scheme Sponsor & Manager”). This Statement relates only to section 1 of the Scheme known as Creative Auto Enrolment Pension (“CAEP”).

The Trustees of the Scheme are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed their Statements of Investment Principles (“SIP”) in force during the year to 31 March 2023 (the “Scheme Year”), as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the review of the SIP during the Scheme Year in Section 2 and on the implementation of the SIP in Sections 3-11 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the 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 10 below.

A copy of this Statement will be posted by 31 October 2023 on the Scheme’s website: -

[www.creativebenefits.co.uk/creative-pension-trust/about/#implementation-statements](http://www.creativebenefits.co.uk/creative-pension-trust/about/#implementation-statements)

This Statement is based on the SIP dated January 2022 covering the period between 1 April 2022 and 21 February 2023 and the SIP dated February 2023 covering the period between 22 February 2023 and 31 March 2023 (together the “SIPs”). This Statement should be read in conjunction with the latest SIP which members can view on the Scheme website, using the link above or within the Documents section of their Member Portal account: -

<https://members.hsadmin.com/Account/CreativeLogin>

The Scheme is a money purchase arrangement, which is also known as a defined contribution arrangement meaning that the pension savings by members and their employers are invested to build up savings to provide retirement benefits. The amount of investment growth on those savings is likely to have a significant effect on the value of members’ retirement benefits.

This Statement is produced to meet the requirements of the Occupational Pension Schemes (Investment) Regulations 2005 (as amended), the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, 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”) in June 2022 and any and all other relevant legislation and regulations.

The Trustees have obtained written advice from their Investment Adviser on the CAEP investment strategies and the production of this Statement.

The CAEP assets were invested via Scottish Widows Limited (the “Investment Provider”) during the Scheme Year.

## 2. SUMMARY

The SIP was updated in February 2023. The main changes made to the SIP included the following: -

- The details in the appendices were updated to allow for developments in relation to certain investment options and their underlying investments approaches.
- The definition of the “average investor” was updated for the default investment strategy in Section 4 to reflect the Trustees’ updated view.
- A formal reference to the Investment Adviser’s responsibility to deliver advice in compliance with Section 36 of the Pensions Act 1995 (as amended in 2004) was included in Section 5.
- Update to the climate change section in Section 8 to include reference to the annual climate change report being available on the Scheme website.

The Trustees believe they, and their Investment Adviser, Investment Provider and Custodian, have complied with the policies in the SIPs during the Scheme Year.

Please see the following sections of this Statement for more details, including the Voting and Stewardship section for details of voting activity and most significant votes. No material changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustees also believe the investments for CAEP members have generally performed in line with their objectives and expectations during the Scheme Year, despite the difficult macroeconomic environment.

## 3. GOVERNANCE

The Trustees of the Scheme are responsible for the investment of the Scheme assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate the Trustees have considered whether they have the appropriate expertise and access to training and advice in order to make an informed decision.

### **Change of Investment Adviser**

During the Scheme Year, the Trustees appointed Lane Clark & Peacock LLP as the Investment Adviser for the Scheme. The Trustees made this decision following a competitive tender process involving presentations from several short-listed investment advisers.

### **Training**

During the Scheme Year the Trustees undertook collective training provided by the Investment Adviser on scenario analysis, additional requirements relating to Task Force on Climate-Related Financial Disclosures (“TCFD”) in August 2022, illiquid assets in October 2022 and DWP’s updated stewardship guidance in December 2022.

To maintain and update their Trustee Knowledge and Understanding, the Trustees received and reviewed information from their Investment Adviser and Investment Provider throughout the Scheme Year relevant to the Scheme’s investment strategy, as well as completing individual Continuous Professional Development (“CPD”) on related investment issues (such as Responsible Investment, Climate Change and Governance requirements).

### **Trustees’ monitoring and review**

The Trustees conduct regular (at least quarterly) monitoring of the Scheme’s investment strategy in line with the Trustees’ Annual Business Planner.



Following the Scheme Year end in May 2023, the Investment Adviser reviewed and provided advice to the Trustees on proposed changes to the CAEP investment strategy which were implemented in October 2023.

This review considered the current and the new Cushon Core default investment strategies and self-select fund ranges, as well as fees, ESG and climate integration. As part of the review, the Trustees' Investment Adviser also conducted forward looking modelling to assess the impact of the investment strategy changes on the Scheme's members. They also considered the variety of ways that members may draw their Scheme benefits in retirement.

The review concluded that a drawdown target for the default investment strategy is appropriate for members based on member demographics. The Trustees reviewed the de-risking glidepaths and concluded that the higher investment risk exposure would allow members to benefit over the longer term.

As part of this review the Trustees also considered whether the strategies were appropriately diversified between different asset classes and that the new self-select options provide a suitably diversified range to choose from.

Based on the outcome of this analysis, the Trustees concluded that the Cushon Core default investment strategy was the preferred option, it was designed to be in the best interests of the majority of members and reflects the demographics of those members.

The Trustees also received and reviewed quarterly investment update reports and presentations from their Investment Adviser during the Scheme Year.

A representative of the Trustees' Investment Adviser attended all ordinary quarterly Trustees' meetings to present information, provide guidance and advice and take any instructions in relation to the Scheme's investment strategy.

### **Monitoring and review of Investment Adviser, Investment Provider, Custodian and Scheme Administrator**

During the Scheme Year, objectives were agreed for the Investment Adviser. The Trustees reviewed the performance of their Investment Adviser against pre-agreed objectives following the Scheme Year end in June 2023, previously in line with the Competition & Markets Authority ("CMA") Investment Consultancy and Fiduciary Management Market Investigation Order 2019 and from 1 October 2022 in line with the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the scheme administration regulations). This covered assessment of performance over the previous 12 months.

The governance processes covered above have allowed the Trustees to review the performance of the Investment Provider and its Custodian, State Street Bank & Trust Company Incorporated (the "Custodian") during the Scheme Year. There has been no change to the Investment Provider or Custodian during the Scheme Year.

The Trustees expect the Investment Provider to manage the assets delegated to it under the terms of its contract and agreements and to give effect to the principles in the SIP as far as is reasonably practicable. The Trustees' Investment Adviser therefore issued a copy of both the SIPs to the Investment Provider for comment and feedback and to seek a statement of compliance with the SIP from the Investment Provider. The Investment Provider acknowledged receipt of the SIPs but was not prepared to provide any statement of compliance.

The Trustees also monitor the performance of the Scheme administrator in relation to the investment and disinvestment of assets with the Investment Provider. During the Scheme Year, with the aid of a quarterly administration report presented by a representative of the Scheme administrator, the Trustees reviewed the performance of the Scheme administrator in that respect at each ordinary quarterly Trustees' meeting. The Trustees found that the Scheme administrator had performed in line with pre-agreed Service Level Agreements ("SLAs") in that respect during the Scheme Year. The Trustees agreed the SLAs remained appropriate and the Scheme administrator's performance against the SLAs in respect of investments and disinvestments had been satisfactory during the Scheme Year.

## **4. INVESTMENT STRUCTURE**

As set out in the previous Governance section of this Statement the Trustees are responsible for setting the overall investment strategy for the Scheme, including the structure of the default investment strategy and selection of the other self-select investment options for members. However, during the Scheme Year the Trustees delegated the day-to-day management of the Scheme assets to the Investment Provider and its Custodian.

The Scheme's assets are all invested in pooled investments via a written agreement with the Investment Provider. The pooled investments are held in single priced unit linked funds that are priced and tradable each working day. The Trustees do not hold any direct investments. The funds are part of an insurance contract to take full advantage of the tax exemptions available to such contracts as well as providing security for members. There has been no change to, or deviation from, the above conditions set out in the SIPs or terms of the agreement with the Investment Provider and Custodian during the Scheme Year.

The Trustees together with their Investment Adviser monitor the financial strength of the Investment Provider and Custodian on at least a quarterly basis using independent credit rating agencies and their ratings. There has been no deterioration in the credit ratings for either the Investment Provider or the Custodian during the Scheme Year. The Trustees remained comfortable with the financial strength of the Investment Provider and the security of the Scheme assets during the Scheme Year.

The Trustees' Investment Adviser continues to review the Investment Provider as part of their ongoing research and flags any significant news as part of quarterly performance reports. Over the Scheme Year, there had been no significant changes in the offering of the Investment Provider.

The Trustees undertook a "value for members" assessment in July 2023 for the Scheme Year to 31 March 2023 which assessed a range of factors, including the investment costs and charges, which were found to be reasonable when compared against Schemes with similar sizes of mandates.

As mentioned in section 3 of this Statement, given the transition of assets to the new investment strategies in October 2023, the Investment Adviser provided advice on the current and proposed investment strategies and fund ranges for the Trustees to consider, following the Scheme Year end.

There were no other changes made by the Trustees to the other investment options available to CAEP members during the Scheme Year.

## **5. INVESTMENT OBJECTIVES**

The Trustees' key objectives are to enable members to build up retirement savings to secure appropriate retirement benefits while being exposed to an acceptable level of investment risk.

In order to do that the Trustees have established the default investment strategy as well as the other self-select investment options.

The objective of the default investment strategy is to provide long term returns above wage inflation, as measured by the Average Weekly Earnings ("AWE") Index, after charges, with gradual automatic switching into lower risk investments over the 15 year period up to the Scheme Normal Retirement Age ("NRA"), or alternative member selected retirement age. There was no change to those objectives during the Scheme Year.

As part of the investment strategy advice following the Scheme Year end, the Trustees reviewed the performance and de-risking ("lifestyling") approach for the default investment strategy. As mentioned in Section 3 of this Statement, the review concluded that the new Cushon Core default investment strategy was deemed to be more suitable for the majority of Scheme members.

The Trustees also provide members with access to a range of investment options which it believes are suitable for this purpose and enable appropriate diversification. The objective of these self-select options is to accommodate members who decide the default investment strategy is not appropriate for them. This can allow them to manage their pension investments at an alternative risk level and/or in line with religious or ethical considerations, with alternative levels of member engagement and targeting alternative retirement outcomes while maintaining a simple-to-understand range of investment choices.

Each self-select fund has its own objectives agreed by the Trustees. There have been no significant changes made to the aims and objectives of the other self-select fund options for members during the Scheme Year, either by the Trustees or the Investment Provider. In respect of those individual objectives the Trustees believe the self-select investment options have performed in line with those during the Scheme Year. The Trustees monitor the take up of these funds and it has been limited.

The investment strategy advice provided to the Trustees in May 2023 following the Scheme Year end also covered the proposed new range of self-select investment options and considered it to be suitable for Scheme members and appropriately diversified.

## 6. RISKS

The Trustees are required to assess the investment risks to the Scheme's assets, including measurement of those risks. In doing this the Trustees aim to take account of the members' circumstances.

The Trustees monitor the risks on an ongoing basis. Every quarter they evaluate these risks, drawing upon insights from the Trustees' Investment Adviser. A review of the SIP was completed in February 2023. Given these procedures and actions the Trustees believe they have effectively monitored and managed the risks in accordance with the SIP throughout the Scheme Year.

**Operational Risk** – The Trustees were comfortable with the operation of their Investment Adviser, Investment Provider, Custodian, Scheme administrator and other service providers in relation to the management of the Scheme's investment strategy throughout the Scheme Year and continued to have confidence in each service provider in that respect. The Trustees noted no material service failure in respect to the Scheme's assets.

The Trustees have also confirmed that the relevant service providers have the appropriate qualifications, experience, authorisations and are regulated by relevant authorities such as the Financial Conduct Authority (FCA) and/or Prudential Regulation Authority (PRA) where appropriate.

## 7. DAY-TO-DAY MANAGEMENT OF ASSETS

During the Scheme Year the Trustees have taken steps to ensure that the Investment Provider and Custodian have the appropriate experience and expertise for managing the Scheme's investments and they are carrying out their work competently and concluded that has been the case.

The Trustees believe that they and the Investment Provider (to the extent delegated) have paid due regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4) in the selection of investments during the Scheme Year.

### **Incentivisation**

The Investment Provider is remunerated on a percentage charge basis related to the amount of assets under management. There has been no change to that during the Scheme Year and the Trustees delegate the remuneration and incentivisation of the Investment Provider's sub fund managers and investment partners to the Investment Provider. The Trustees are satisfied that has been performed during the Scheme Year and remains appropriate.

### **Portfolio Turnover Costs**

Portfolio turnover costs are those that result from the buying and selling of assets within each investment option.

The Trustees' Investment Adviser on behalf of the Trustees has requested portfolio turnover costs for each Scheme mandate (fund) from the Investment Provider after the end of the Scheme Year. The Investment Provider was unable to provide that information and so the Trustees have reviewed the total Transaction Costs instead and they are disclosed in the Trustees' Annual Statement regarding governance for the Scheme Year. The Investment Adviser does review portfolio turnover and the associated costs when it undertakes its research on the Scheme's funds and has not raised any concerns with the Trustees during the Scheme Year.

With the assistance of their Investment Adviser, the Trustees have also reviewed the general portfolio turnover in the two "mixed asset" Scheme funds (being SW Pension Portfolio Three and SW Pension Portfolio Four) in terms of the change in allocation to the underlying sub funds on a quarterly basis during the Scheme Year. The Trustees note that the majority of assets in those sub funds aim to passively track market indices and so portfolio turnover for the majority of sub funds is expected to be approximately in line with those indices.

The Trustees are satisfied that the portfolio turnover costs for each of the Scheme funds have remained within an acceptable range during the Scheme Year.

## 8. REALISATION OF ASSETS

It is the Trustees' policy to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the funds which the Trustees offered during the Scheme Year are daily priced.

The Trustees are not aware of any incidents during the Scheme Year that have prevented the Scheme assets held with the Investment Provider from being realised as required during the Scheme Year.

All of the Scheme funds have remained open and tradable on a working daily basis during the Scheme Year.



The realisation of assets within each Scheme fund is delegated to the Investment Provider. The Trustees are not aware of any incidences of delays to, or issues with, the realisation of assets by the Investment Provider during the Scheme Year.

## 9. ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) INVESTMENT POLICY

The Trustees have set out their ESG policy in their SIP. There were no material changes to this policy during the Scheme Year.

The Trustees are satisfied that the Investment Provider has complied with the SIP during the Scheme Year.

While the Trustees have stated a preference for passive investment mandates, they note that this may not be appropriate for all asset classes. Therefore, in some cases the Trustees will make available active investment options, such as in the case of the SW Cash and SW Pension Protector funds.

When reviewing their ESG Investment Policy during the Scheme Year the Trustees made no change to their definition of the 'appropriate time horizon' for the Scheme when assessing and managing ESG associated risks, which remains the median average term to the Scheme's Normal Retirement Age for members. The Trustees believe they have appropriately taken that into consideration when reviewing the investment strategy for the Scheme during the Scheme Year. The Trustees' Investment Beliefs and ESG Strategy have been communicated to the Investment Provider for engagement purposes and is used to guide the Trustees' Investment Adviser in its approach to reviewing, advising and reporting on the Scheme's investment strategy.

As stated in the SIP the Trustees have a preference for engagement activity to bring about positive changes in relation to the Scheme's investment strategy. The Trustees have delegated more regular engagement activity with the Investment Provider to their Investment Adviser during the Scheme Year.

The Trustees continue to focus primarily on financially material ESG considerations. However, the Trustees have also considered non-financial factors in the selection and retention of the self-select investment options available to members with advice from their Investment Adviser. The inclusion of the Scottish Widows ("SW") HSBC Islamic and SW LGIM Ethical Global Equity Index funds within the self-select options for members is evidence for the Trustees' assessment of preferences for some members of the Scheme.

The Trustees and the Scheme Sponsor & Manager announced on 4 August 2021, the following net zero commitments: -

- **ZeroByFifty** – For the Scheme to achieve net zero status on carbon emissions for all member investments under management by 2050
- **FiftyByThirty** – For the Scheme to achieve a 50% reduction on carbon emission for all member investments under management by 2030

The Trustees also note that the Investment Provider has a similar commitment to reduce its carbon footprint by 50% by 2030 and to reach net zero by 2050.

## 10. VOTING AND STEWARDSHIP

As mentioned in the Summary section of this Statement the Trustees reviewed their ESG Investment Policy within the SIP in February 2023. There were no material updates made during the Scheme Year.

The Trustees do not hold any direct investments or have any voting override or proportional voting agreements with the Investment Provider. Therefore, the Trustees do not have any direct influence over the use of voting rights attached to the Scheme assets.

The Investment Provider funds used by the Scheme either invest in other sub funds or are managed for the Investment Provider by one of its investment partners. The Investment Provider's equity allocation invested with BlackRock Investment Management (UK) Limited ("BlackRock") held in the Pension Portfolio funds will now be voted to reflect the Investment Provider's ESG position using the Institutional Shareholder Services' ("ISS") socially responsible investment policy. The Investment Provider continues to engage with State Street Global Advisors Limited ("SSgA") (the other equity sub fund manager in the Pension Portfolio funds' allocation) to allow them to direct their share of votes according to the Investment Provider's chosen policy.

The Trustees' Investment Adviser has verified that all the Scheme's sub fund managers are signatories to the 2020 UK Stewardship Code and United Nations Principles for Responsible Investment ("UN PRI") and remained so during the Scheme Year. The Investment Adviser has reviewed the Scottish Widows 2023 responsible investment report on behalf of the Trustees. The Trustees also note that the Investment Provider became a signatory of the 2020 UK Stewardship Code on 6 September 2021.

As part of its advice on the selection and ongoing review of the investment managers, the Investment Adviser incorporates its assessment of the nature and effectiveness of the fund managers' approaches to voting and engagement. Following the introduction of DWP's guidance on stewardship the Trustees have set stewardship priorities during the Scheme Year to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustees' stewardship priorities set during the Scheme Year were: -

- Climate Change
- Diversity, Equality and Inclusion
- Corporate Behaviour

The Trustees' Investment Adviser has reviewed the stewardship, voting and engagement policies and activities of the sub fund managers periodically during the Scheme Year and has indicated no areas of concern for the Trustees. Over the period covered by this Statement, the Investment Adviser has not directly challenged the fund managers on voting activity but is satisfied on the basis of reporting that the fund managers' approaches to voting activity and engagement was aligned with the Trustees' policies during the period. The Trustees are satisfied with the Investment Adviser's assessment.

As mentioned in Section 9 of this Statement the Trustees review the engagement activity of the Investment Provider annually. The Investment Adviser has reviewed the Investment Provider's engagement report.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most fund managers will have areas where they could improve. Therefore, the Trustees, or their Investment Adviser on their behalf, aim to have an ongoing dialogue with the fund managers to clarify expectations and encourage improvements.

## **Voting Activity**

The Trustees and their Investment Adviser periodically review the voting activity for the Scheme funds. The Trustees and their Investment Adviser have noted the use of voting rights by the sub fund managers on various issues including climate change, other environmental and social issues, board structures and executive remuneration during the Scheme Year.

However, the Trustees and their Investment Adviser have identified areas where the sub fund managers' reporting of voting activity can be improved in terms of summarising voting resolution details, providing greater detail on the rationale for the sub fund managers' voting decisions and any follow-up engagement activity by the sub fund manager after the vote outcome. The Trustees' Investment Adviser has continued to engage with the sub fund managers on these matters to improve future reporting. Specifically, the Investment Adviser has engaged with the sub fund managers to encourage them to provide more detailed information on the "next steps" section to allow the Trustees to monitor consistency in the fund managers' voting policies along with the results of their stewardship activities in more detail.

The table below provides voting statistics for the **SW Pension Portfolio Three ("SW PP3") fund** for the Scheme Year based on the sub funds held within that fund as at 31 March 2023 and the two self-select funds with voting rights, namely the **SW HSBC fund** and the **SW LGIM Ethical Global Equity Index fund**. The SW Pension Portfolio Three fund is the largest single fund by size of assets in the Scheme and was throughout the Scheme Year. The SW Pension Portfolio Three fund is also the main fund used in the default investment strategy as the "growth" phase investment for the CAEP section of the Scheme with the greatest number of members invested. However, as the SW Pension Portfolio Four fund invests in the same sub funds, but just in different proportions, the figures in the table below are the same for that fund.

Category	SW PP3 fund	SW HSBC Islamic fund	SW LGIM Ethical Global Equity Index fund
Total number of eligible meetings	7,526	95	1,155
Total number of eligible voting resolution	82,376	1,423	16,602
Total number of resolutions voted on	78,650	1,380	16,574
Percentage of resolutions voted on	95%	97%	100%
Percentage of resolutions voted with management	80%	81%	82%
Percentage of resolutions voted against management	11%	20%	18%
Percentage age of resolutions abstained	1%	0%	0%

The SW Pension Portfolio Four fund is also used in the default investment strategy in the "de-risking" phase. The SW Cash fund is the third fund used in the default investment strategy, but there are no voting rights attached to the assets held within that fund. The assets held by the SW Pension Protector fund made available to members as a self-select option also do not normally have any attached voting rights.

## Proxy Voting

For the reasons set out above under "Voting Activity", the Trustees believe it is appropriate to confirm the use of proxy voting in relation to the SW Pension Portfolio funds, the SW HSBC Islamic fund and the SW LGIM Ethical Global Equity Index fund.

The SW Pension Portfolio funds invest in sub funds managed by SSgA, BlackRock, Schroders plc and Aberdeen Standard Fund Managers Limited ("Aberdn"). The sub funds managed by Schroders plc and Aberdn are cash and bond funds and therefore the manager will not normally hold any voting rights in relation to the underlying investments.

As there are so many voting meetings and voting resolutions it is often not possible for the sub fund managers to attend all meetings. Instead, the fund managers typically use a proxy voting service and/or system to cast some or all of their votes: -

- **SSgA** – Uses Institutional Shareholder Services Incorporated (“ISS”) as its proxy voting provider. ISS provides SSgA with research, data and information on relevant votes as well as a platform for SSgA to cast votes by proxy. In some cases ISS will vote on SSgA’s behalf based on voting guidelines and policies provided by SSgA.
- **BlackRock** – The proxy voting process is led by the in-house BlackRock Investment Stewardship (BIS) team and all voting is done in accordance with BlackRock’s Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. BIS utilises independent research from ISS and Glass, Lewis & Company in its voting analysis process.
- **LGIM** – 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. 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.
- **HSBC** – HSBC use ISS to assist with the global application of their own bespoke voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC’s guidelines.

## Most Significant Votes

The Investment Provider has supplied details of the voting activity by, or on behalf, of its sub fund managers during the Scheme Year to the Trustees’ Investment Adviser.

The Trustees have agreed with their Investment Adviser that the votes detailed in the table below provide the most significant votes relating to the SW Pension Portfolio Three fund, the SW LGIM Ethical Global Equity Index fund and the SW HSBC Islamic fund that are relevant to the Scheme. The votes listed for the SW Pension Portfolio Three fund are also relevant for the SW Pension Portfolio Four fund as it invests in the same sub funds, just in different proportions.

The Trustees and their Investment Adviser have selected the votes below from the list of votes provided by the Investment Provider for the sub funds, in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, based on the following criteria: -

- We have included one vote for each fund and this vote has been selected as it relates to a key stewardship priority and represents the highest proportion of investment (where this information has been provided) within that sub fund.
- However, for the default investment strategy, we have included additional votes given the amount of assets invested in the funds used within that strategy and also to include more regional diversity in terms of the investee companies.

Details of the Vote	Investee Company		
	Alphabet, Inc (US, technology company)	Naspers Ltd (South Africa, multinational media company)	Jardine Matheson Holdings Ltd (Hong Kong, multinational conglomerate)
Sub fund manager	BlackRock	SSgA	SSgA
Sub fund name	ACS US Equity Index	Emerging Market Screened Index	Asia Pacific ex Japan Screened Index
Date of Vote	1 June 2022	25 August 2022	5 May 2022
Total size of fund	£16,084m	£1,187m	£1,037m

<b>Proportion of Fund</b>	3.9%	0.5%	0.3%
<b>Stewardship priority</b>	Climate change	Corporate behaviour	Diversity, equality and inclusion
<b>Summary of the Vote Resolution</b>	Report on metrics and efforts to reduce water related risk (shareholder proposal)	Advisory vote to ratify named executive officers' compensation	Election of new Company Director
<b>How the sub fund manager voted</b>	For	Against	Against
<b>Vote against company management?</b>	Yes	Yes	Yes
<b>Vote against proxy adviser?</b>	No	No	Yes
<b>Was the voting intention communicated with the company in advance?</b>	BlackRock has confirmed that it does not systematically track this information. BlackRock seeks to continue to engage with companies before votes. However, due to change in circumstances or new information coming to light it might not always be possible for BlackRock to inform companies of their final decision in advance.	The sub fund manager does not publicly communicate its vote in advance	The sub fund manager does not publicly communicate its vote in advance
<b>Reason for the voting decision</b>	The sub fund manager voted in favour of this shareholder proposal as it believed investors would benefit from more information on the company's approach to water dependencies and impact.	The sub fund manager has concerns with the proposed remuneration structure for senior executives at the company.	The sub fund manager voted against the nominee due to the lack of gender diversity on the company board
<b>Result of the vote</b>	Failed (the sub fund manager has not provided the exact percentage of votes against the proposal).	Pass (90.9% voted for this proposal).	Pass (98.1% voted for this proposal).
<b>Next steps</b>	The sub fund manager will continue to engage with companies on this topic.	The sub fund manager will continue to engage with companies on this topic.	The sub fund manager will continue to engage with companies on this topic.



Details of the Vote	Investee Company	
	Apple Inc.	Alphabet Inc.
Sub fund manager	HSBC	LGIM
Sub fund name	Islamic Global Equity Fund	Ethical Global Equity Index Fund
Date of Vote	10 March 2023	1 June 2022
Total size of fund	£1,683m	£949m
Proportion of Fund	7.0%	2.0%
Stewardship priority	Diversity, equality and inclusion	Climate change
Summary of the Vote Resolution	Elect director Sue Wagner	Report on physical risks of climate change
How the sub fund manager voted	Against	For
Vote against company management?	Yes	Yes
Vote against proxy adviser?	The sub fund manager has not disclosed this information.	The sub fund manager has not disclosed this information.
Was the voting intention communicated with the company in advance?	HSBC communicated its thinking on the shareholder proposal ahead of the annual general meeting.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
Reason for the voting decision	HSBC voted against this proposal as it had certain concerns with the diversity of the company's board.	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Result of the vote	Passed (the sub fund manager has not provided the exact percentage of votes against the proposal).	Failed (17.7% voted for this proposal).
Next steps	The company is on the sub fund manager's 2023 engagement priority list and therefore it will continue its engagement efforts.	The sub fund manager will continue to engage with the investee company, publicly advocate its position on this issue and monitor company and market level progress.

## 11. MONITORING

The Trustees will monitor compliance with the SIP annually and have done so in the preparation of this Statement.

The Trustees normally review the SIP annually as detailed in the Trustees' Annual Business Planner and the last annual review during the Scheme Year was completed in February 2023. A further review of the SIP was completed after the end of the Scheme Year and completed in October 2023. The Trustees have reviewed the performance of the Scheme's investment strategy against appropriate benchmarks on a quarterly basis during the Scheme Year. The Trustees and their Investment Adviser have not deviated from the monitoring processes detailed in the SIPs during the Scheme Year.

**For and on behalf of the Trustees of Creative Pension Trust**

**Roger Mattingly (Chair)**

**October 2023**



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