Implementation Statement

Creative Pension Trust | Creative Workplace Pension

creative pension trust

part of the Cushon group

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Contents

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 2 of the Scheme known as Creative Workplace Pension (“CWP”).

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 2024 (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.

This 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 the Scheme Year. This is provided in Section 10 below.

The latest version of the Scheme’s Implementation Statement can be found on the Scheme website: https://www.creativebenefits.co.uk/creative-pension-trust/about/#implementation-statements.

This Statement is based on the Scheme’s SIP dated February 2023 which was in place during the Scheme Year. 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.

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 CWP investment strategies and the production of this Statement.

The CWP assets were invested via Mobius Life Limited (the “Investment Provider”) during the Scheme Year.

In 2022, Creative Pension Trust and Creative, sponsor of Creative Pension Trust, became part of the Cushon Group. Cushon owns national workplace pension schemes including Cushon Master Trust.

Following the Scheme Year end, the Trustees decided to update the default investment strategy for the Scheme to be the Cushon Core investment strategy, as this was deemed to be in the best interest of members. At the same time the self-select investment options for members were changed and a new default investment strategy created, the Cushon Target Age Funds, for members previously invested in the ML Retirement Age funds including the ML Retirement Ready fund. As a result, the investment strategy changed in April 2024.

2. SUMMARY

The SIP was not updated during the Scheme Year. After the Scheme Year end, the SIP was updated therefore the SIP currently in force is as at April 2024. The SIP was updated to take account of the new investment strategy, including changes to the default objective, fund range available to members and the responsibilities of the Investment Provider and the fund managers as a result. As part of the update, references to investment managers were changed from Sub fund managers to fund managers. Throughout this Statement, the fund managers used before and after the strategy changes are referenced as the "Fund Managers". It also provided more information on how the Trustees have shared their stewardship priorities with the Fund Managers and the Trustees' policy on illiquid assets.

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 SIPs during the Scheme Year. However, the voting and engagement policies in the SIP were reviewed and updated as part of the changes made for the SIP dated October 2023, after the Scheme Year end.

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

The Trustees monitored the investments for CWP members over the Scheme Year. Most investment funds performed broadly in line with, or ahead of their respective benchmarks or performance targets over the Scheme Year. The Trustees are satisfied that the investment funds continue to perform as expected given the wider macroeconomic environment.

3. GOVERNANCE

The Trustees of the Scheme are responsible for the investment of the Scheme's 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.

Training

During the Scheme Year, the Trustees undertook collective training provided by the Investment Adviser on the following topics:

- Scope 3 carbon emissions: this training explained how scope 3 emissions are calculated using an example of a specific company. It also helped the Trustees better understand the challenges with the existing methods for calculating scope 3 emissions.

- Portfolio alignment: this training provided a description of the different portfolio alignment metrics used within the industry and how these are calculated. This session also focused on the issues with the current calculation methodologies for portfolio alignment.

- Implementation Statement requirements: this training provided an update on DWP's then-new regulations regarding stewardship and the process for identifying significant votes as part of the drafting of the Implementation Statement.

- Biodiversity: this training provided an introduction to biodiversity considerations for investing and the Taskforce on Nature-related Financial Disclosures. It also focused on current industry trends and possible steps the Trustees could take to consider biodiversity risks.

- Social factors: this training focused on the importance of social factors for the Scheme and provided an update on the draft guidance from the Taskforce on Social factors.

To maintain and update 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.

In November 2023, the Investment Adviser reviewed and provided advice to the Trustees on proposed changes to the CWP investment strategy. This review included comparison of the then current and proposed default investment strategies (including for the Cushon Target Age Funds), self-select fund ranges, charges, and ESG and climate integration. Forward looking modelling to assess the impact of the investment strategy changes on the Scheme's members was also conducted, and consideration was given to the variety of ways that members may draw their Scheme benefits in retirement. The review 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.

In relation to the main default investment strategy, the review concluded that a drawdown target for the proposed strategy, the Cushon Core investment strategy, was appropriate for members based on member demographics. The de-risking glidepaths were reviewed and it was concluded that the higher investment risk exposure of the new default investment strategy would allow members to benefit from the opportunity of higher growth over the longer term. The Trustees also considered whether the strategies were appropriately diversified between different asset classes. Based on the outcome of this analysis, the Trustees concluded that the Cushon Core investment strategy was designed to be in the best interests of the majority of members.

In addition to this, the Trustees considered the appropriateness of the new default investment strategy proposed for members invested in the ML Retirement Age target date funds including the ML Retirement Ready fund. The proposed strategy invests in many of the same funds as the Cushon Core investment strategy whilst including an allocation to the Cushon Multi Asset Growth fund. Given the more diversified nature of the investments within the growth phase of the new strategy, expected risk is lower for members earlier in their retirement journey. The new strategy has a shorter de-risking period and a higher allocation to growth assets at retirement. As a result, the strategy targets a higher expected return with a higher expected risk in the run up to retirement. This strategy was deemed appropriate as the new default for members previously invested in the ML Retirement Age funds. The Cushon Target Age Funds are not available for investment by other members.

In relation to the self-select fund range, which the Trustees provide members access to enable appropriate diversification, it was concluded that the new investment strategy would provide a more diverse selection of funds across various asset classes, including a number of ESG funds.

The transition to the new investment strategy was successfully completed shortly after Scheme Year end, on 16 April 2024.

The new investment strategy integrates climate and ESG more broadly. Please see section 9 for more details on this.

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' investment 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 and Scheme Administrator

During the Scheme Year, in June 2023, the Trustees reviewed the performance of their Investment Adviser against pre-agreed objectives, set 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 assessment covered the performance over the previous 12 months.

The governance processes in place have allowed the Trustees to review the performance of the Investment Provider. There has been no change to the Investment Provider 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 SIPs 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 where appropriate. The Investment Provider provided confirmation of compliance with the SIPs.

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 reports presented by a representative of the Scheme administrator, the Trustees reviewed the performance of the Scheme administrator at each ordinary quarterly Trustees' meeting. The Trustees found that the Scheme administrator had failed to consistently perform in line with pre-agreed Service Level Agreements ("SLAs") during the Scheme Year. Overall, the Trustees agreed the SLAs remained appropriate and the Scheme Administrator's performance against the SLAs in respect of investments and disinvestments had been inconsistent during the Scheme Year, particularly regarding the disinvestment of assets.

4. INVESTMENT STRUCTURE

As set out in the 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 strategies 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.

In November 2023, the Investment Adviser provided advice on the existing and proposed new investment strategies and self-select fund ranges as part of the change in investment strategy. This included detailed views on ESG integration and the selection of self-select ESG funds available under the proposed investment strategy. The Trustees were comfortable with the funds which members' assets were being transferred to, and the assets were transferred to the new investment strategy after the Scheme Year end in April 2024.

The new investment strategy, which updated both the default investment options and the self-select fund range, integrates climate and ESG more broadly, increases climate risk hedging of the strategy, and manages the strategy with an aim to reduce scope 1 and 2 carbon emissions by 80% by 2030. The investment strategy has also been designed in the best financial interests of members and increasing exposure to climate-related opportunities. The Trustees are satisfied that the ESG credentials of the strategy will be beneficial for the Scheme and reduce exposure to climate change risk.

During the Scheme Year, the Scheme's assets were all invested in pooled investments via a written agreement with the Investment Provider. The pooled investments were held in 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.

Following the change in the investment strategy, the assets continue to be invested via the Investment Provider. However, the Trustees, with support from Cushon Group Limited's Investment Office (the "Cushon Investment Office") and advice from their Investment Advisers, are responsible for setting and reviewing the asset allocation as well as selecting the Fund Managers.

There has been no change to, or deviation from, the above conditions set out in the SIP or terms of the agreement with the Investment Provider during the Scheme Year. Following the Scheme Year end, as part of the updates for the SIP dated April 2024, changes were made in relation to the day-to-day management of the assets to reflect the structure in place with the Investment Provider following the change in the investment strategy.

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

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 August 2024 for the Scheme Year to 31 March 2024 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.

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 achieve that the Trustees have established the default investment strategies as well as the other self-select investment options.

Prior to the transition to the new investment strategy after the Scheme Year end in April 2024, the objective of the default investment strategy was 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 this objective during the Scheme Year.

Following the transition to the new investment strategy after the end of the Scheme Year, the long-term net return objective of the default investment strategy, the Cushon Core investment strategy, is equal to the Consumer Price Index (“CPI”) plus 3.5% per annum over rolling 5-year periods in the growth phase, with gradual automatic switching into lower risk investments over the 7-year period up to the Scheme's Normal Retirement Age (“NRA”) or alternative member selected target retirement age (known as “lifestyling”). During the de-risking, or pre-retirement, phase Cushon Core investment strategy has a long-term net return objective equal to CPI plus 1.5% per annum over rolling 5-year periods.

The Cushon Target Age Funds are also a default investment strategy following the transfer of member previously invested in the ML Retirement Age funds into this strategy completed in April 2024. However, please note the Cushon Target Age Funds are not available for investment by other members.

The Cushon Target Age Funds have a long-term net return objective equal to the CPI plus 3.5% per annum over rolling 5-year periods in the growth phase, with gradual automatic switching into lower risk investments over the 7-year period up to the Scheme's NRA or alternative member selected target retirement age. During the de-risking, or pre-retirement, phase the Cushon Target Age Funds have a long-term net return objective equal to CPI plus 1.5% per annum over rolling 5-year periods.

As part of the investment strategy advice in November 2023, the Trustees reviewed the performance and lifestyling approach for the previous 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 self-select investment options, which they believe 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 strategies are 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. Over the Scheme Year, there were no significant changes made to the aims and objectives of the self-select fund options for members, either by the Trustees or the Investment Provider. However, as the self-select options changed following the transition to new investment strategy, new fund options with different objectives were put in place after the end of the Scheme Year from April 2024. In respect of individual objectives of the self-select options in place during the Scheme Year, the funds have performed in line with their stated objectives.

As part of investment strategy advice in November 2023, the proposed self-select options under the new investment strategy were reviewed. It was concluded that the new self-select options were suitable for Scheme members and appropriately diversified. These funds have different objectives to the funds in the previous range.

The Trustees monitor the take up of the self-select funds which, prior to the investment strategy change completed in April 2024, was limited. After the Scheme Year end, as part of the changes to the investment strategy, only those members who had pre-selected a new self-select option prior to the transition were transferred to funds within the new self-select fund range while members who were either previously invested in the default investment strategy or did not make a selection within the self-select fund range were moved to the new default investment strategy, the Cushon Core investment strategy. Members who were solely invested in the ML Retirement Age funds, including the ML Retirement Ready fund, prior to the transition were transferred into the new Cushon Target Age Fund default investment strategy from April 2024.

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 their Investment Adviser.

A review of the SIP was completed shortly after the Scheme Year end, in April 2024, which included changes to the default objectives, the fund range available to members and the responsibilities of the Investment Provider and Fund Managers as a result. Changes were also made to investment risks to the Scheme's assets to reflect the change in investment strategy and the funds used in the new arrangements. These included risks in relation to members' term to retirement given the change in the lifestyle of the default investment strategies, pension conversion risk given the change in retirement outcome target for the Cushon Core investment strategy, and inflation risk given the new funds in place following the change in the investment strategy.

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, Scheme administrator and other service providers in relation to the management of the Scheme's investment strategy throughout the Scheme Year and continue to have confidence in each service provider in that respect. As noted in section 3, performance issues with the Scheme administrator have been identified in relation to processing transfers, death cases, retirements and complaints. The Trustees noted no material service failure in respect of 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 Fund Managers and Investment Provider have the appropriate experience and expertise for managing the Scheme's investments and are carrying out work competently and concluded that has been the case.

Following the change in the investment strategy, Fund Managers' duties also include voting and corporate governance in relation to the Scheme's assets, which was previously a duty of the Investment Provider who could further delegate it to the Fund Managers.

The Trustees believe that they and the Fund Managers and 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 and following the change in investment strategy from April 2024.

Incentivisation

The Investment Provider and Fund Managers are remunerated on a percentage charge basis related to the amount of assets under management. The Trustees are satisfied that has been actioned during the Scheme Year and remains appropriate.

Following the change in the investment strategy, all the Scheme's assets are now held in pooled funds which means the Trustees have limited influence over Fund Managers' investment practices. The Trustees encourage the Fund Managers to improve their practices within the parameters of the funds they are managing. The Trustees' view is that the fees paid to the Fund Managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines, and restrictions of their funds.

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 therefore the Trustees have reviewed and assessed the total transaction costs instead which 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.

The Trustees are satisfied that the transaction 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 consider liquidity of the investments in the context of the likely needs of members when selecting the funds for use within the investment strategy.

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. However, there was a 'blackout' period from 28 March 2024 to 18 April 2024 when normal transactions could not be processed while the changes to the investment strategy were completed.

The realisation of assets within each Scheme fund is delegated to the Scheme administrator. The Trustees are not aware of any incidents 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 Investment Policy in the SIP. The Trustees' Investment Beliefs and ESG Strategy document was last updated in December 2023 and is complementary to the SIPs described above. The updates made as part of the review included expanding on their beliefs regarding exclusions of companies as part of ESG policy and also included the ambition for the Scheme's investments to be net zero, in relation to scope 1 and 2 emissions, by 2050.

The Trustees are satisfied that the Investment Adviser and the Investment Provider have 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 utilise active investment options, such as in the case of the self-select ML DGF Solutions fund which was available as a self-select option during the Scheme Year, prior to the change in investment strategy in April 2024 and the CPT Cushon Global Bonds and CPT Cushon Global Impact funds since April 2024.

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 in relation to the investment strategy for the Scheme during the Scheme Year.

The Trustees' Investment Beliefs and ESG Strategy is considered by the Trustees' Investment Adviser in the selection and retention of Fund Managers, and for engagement with the Fund Managers on relevant ESG issues. Furthermore, it is used to guide the Investment Adviser in its approach to reviewing, advising and reporting on the Scheme's investment strategy, and the ESG and stewardship policies of the Fund Managers.

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 Fund Managers to their Investment Adviser following the change in the investment strategy after 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 ML Shariah and the ML Passive Ethical Equity funds within the self-select options, which were available to members during the Scheme Year prior to the change in the investment strategy, evidences the Trustees' assessment of preferences for some members of the Scheme. After the change in the investment strategy in April 2024, the CPT Cushon Shariah and CPT Cushon Global Impact funds are available as self-select options. The CPT Cushon Shariah fund invests in the same underlying fund as the ML Shariah fund, allowing members to invest with non-financial factors in mind.

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 scope 1 and 2 carbon emissions for all member investments under management by 2050
- **FiftyByThirty** – For the Scheme to achieve a 50% reduction on scope 1 and 2 carbon emission for all member investments under management by 2030

The underlying Fund Managers invested in by the Investment Provider over the Scheme Year had similar commitments as signatories to the Net Zero Asset Managers Initiative (NZAMI).

The new investment strategy, which was implemented after the Scheme Year end in April 2024, integrates climate and ESG more broadly. For example, the majority of assets within this strategy are invested in an equity fund that aims for a 60% immediate reduction and an ongoing reduction of c7% pa in scope 1 and 2 carbon emissions relative to a parent index. The CPT Cushon Global Bonds fund which holds the next largest proportion of the assets is comprised of four funds. Two of these funds actively integrate climate change.

10. VOTING AND STEWARDSHIP

The Trustees' Investment Beliefs and ESG Strategy document was last updated in December 2023. The updates made as part of the review included expanding on the Trustees' beliefs regarding exclusions of companies as part of ESG policy and also included the ambition for the Scheme's investments to be net zero, in relation to scope 1 and 2 emissions, by 2050.

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

Over the Scheme Year, the Investment Provider funds used by the Scheme only invested in other sub funds. Therefore, the Investment Provider did not hold any voting rights attached to the Scheme assets.

The Trustees' Investment Adviser has verified that all the Scheme's Fund Managers (from both the previous and current investment strategies) are signatories to the 2020 UK Stewardship Code and United Nations Principles for Responsible Investment ("UN PRI") and remained so during the Scheme Year.

As part of its advice on the selection and ongoing review of the Investment Provider (and the Fund Managers since the change in investment strategy in April 2024), the Investment Adviser incorporates its assessment of the nature and effectiveness of the Fund Managers' approaches to voting and engagement. Following the introduction of the DWP's guidance on stewardship the Trustees have set stewardship priorities during the Scheme Year to focus monitoring and engagement with their Investment Provider and Fund Managers on specific ESG factors, which were communicated to them. 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 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 managers on voting activity but is satisfied on the basis of reporting that the Fund Managers' approaches to voting activity and engagement were aligned with the Trustees' policies during the period. The Trustees are satisfied with the Investment Adviser's assessment. The Trustees review the engagement activity of the Investment Provider annually.

Over the Scheme Year, the Trustees have also established an engagement and escalation process which would be followed if monitoring of the Fund Managers identifies any areas of concerns and the progress is unsatisfactory. This was reflected in the updates for the SIP dated April 2024.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expect 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's funds. The Trustees and their Investment Adviser have noted the use of voting rights by the Fund Managers on various issues including climate change, other environmental and social issues, board structures and executive remuneration during the Scheme Year.

The table below provides voting statistics for the **Creative Accumulation Fund along with any other fund with attached voting rights** for the Scheme Year. The Creative Accumulation Fund was the largest single fund by size of assets in the CWP section of the Scheme and was throughout the Scheme Year. The Creative Accumulation Fund was also the main fund used in the default investment strategy as the "growth" phase investment for the CWP section of the Scheme during the Scheme Year. The ML Passive All Stock Corporate Bond and ML Sterling Liquidity funds were the other two funds used in the default investment strategy during the "de-risking" phase during the Scheme Year, but there were no voting rights attached to the assets held within those funds. The ML Equity Accumulation fund invested in the same underlying equity sub funds that have voting rights as the ML Retirement Age, ML Retirement Ready, ML Pre-Retirement, ML Conservative, ML Retirement Builder and ML Diversified Beta funds but just in different proportions. Therefore the voting statics for those other funds will be the same as those of the ML Equity Accumulation fund.

Category	Creative Accumulation Fund	ML Equity Accumulation Fund	ML DGF Solutions Fund
Total Number of eligible voting meetings	**7,851**	**8,383**	**803**
Total Number of eligible voting resolution	**82,391**	**100,110**	**10,250**
Total Number of resolutions voted on	**74,995**	**99,672**	**9,685**
Percentage of resolutions voted on	**91.0%**	**99.6%**	**94.5%**
Percentage of resolutions voted with management	**84.6%**	**82.8%**	**89.2%**
Percentage of resolutions voted against management	**15.3%**	**17.1%**	**10.8%**
Percentage of resolutions abstained	**1.5%**	**0.7%**	**0.7%**
Percentage of meetings with at least one vote against management	**56.0%**	**66.7%**	**54.7%**
Percentage of votes contrary to recommendation of proxy adviser	**7.7%**	**10.3%**	**7.6%**

Category	ML Shariah Fund	ML Passive Ethical Equity Fund	ML Passive Global Real Estate Equity Index Fund
Total Number of eligible voting meetings	105	1,167	413
Total Number of eligible voting resolution	1,712	16,564	4,353
Total Number of resolutions voted on	1,625	16,524	4,338
Percentage of resolutions voted on	94.9%	99.8%	99.7%
Percentage of resolutions voted with management	76.6%	81.4%	78.6%
Percentage of resolutions voted against management	23.4%	18.5%	21.4%
Percentage of resolutions abstained	0.0%	0.2%	0.0%
Percentage of meetings with at least one vote against management	83.8%	75.0%	70.5%
Percentage of votes contrary to recommendation of proxy adviser	0.9%	14.1%	16.6%

Category	ML Passive Global Ex-UK Equity (GBP Hedged) Fund	ML Passive UK Equity Fund	ML Passive Emerging Market Equity Fund
Total Number of eligible voting meetings	2,125	709	2,783
Total Number of eligible voting resolution	27,144	10,462	23,079
Total Number of resolutions voted on	25,604	10,441	22,784
Percentage of resolutions voted on	94.3%	99.8%	98.7%
Percentage of resolutions voted with management	93.7%	94.4%	87.1%
Percentage of resolutions voted against management	6.3%	5.6%	12.9%
Percentage of resolutions abstained	0.5%	0.0%	2.7%
Percentage of meetings with at least one vote against management	30.2%	40.0%	43.2%
Percentage of votes contrary to recommendation of proxy adviser	0.5%	4.6%	0.6%

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 Creative Accumulation Fund.

The Creative Accumulation Fund invested in sub funds managed by State Street Global Advisers Limited (“SSgA”). The self-select funds available to members during the Scheme Year that held voting rights invested in one or more funds managed by BlackRock, Legal & General Investment Management (“LGIM”), HSBC, BNY Mellon, Schroders plc and/or Aberdeen Standard Fund Managers Limited (“Abrdn”).

As there are so many voting meetings and voting resolutions, it is often not possible for the 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, it has put in place a custom voting policy with specific voting instructions.

- **HSBC** – HSBC uses ISS to assist with the global application of its own bespoke voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines.

- **BNY Mellon** – BNY Mellon makes use of Minverva Analytics for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva is used to analyse resolutions against the manager's specific voting policy templates to determine the direction of the vote, where applicable.

- **Schroders** – ISS acts as Schroders' one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its internet-based platform ProxyExchange. Schroders receives ISS's research on resolutions. This is complemented with analysis by Schroders' in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

- **Abrdn** – Abrdn makes use of ISS for all its voting requirements. The Scheme disinvested from the Abrdn Global Absolute Return Strategy on 27 September so the Scheme was not invested in Abrdn managed funds for the full duration of the Scheme Year.

Most Significant Votes

The Investment Provider has supplied details of the voting activity by, or on behalf, of its 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 relevant to the Scheme.

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: -

- The Trustees 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, the Trustees have included additional votes given the amount of assets invested in the Creative Accumulation Fund during the Scheme Year and also to include more regional diversity in terms of the investee companies.

Details of the Vote	**Investee Company**		
	Alphabet	**Saudi Telecom**	**Amazon.com**
Scheme fund	Creative Accumulation Fund	Creative Accumulation Fund	Creative Accumulation Fund
Fund Manager	SSgA	SSgA	SSgA
Sub fund name	International Screened Index	Emerging Markets Screened Index	International Screened Index
Date of Vote	14 June 2023	21 June 2023	24 May 2023
Total size of fund	£75m	£36m	£75m
Proportion of Fund (%)	1.4%	0.3%	2.6%
Stewardship priority	Corporate behaviour	Corporate behaviour	Diversity, Equality and Inclusion
Summary of the Vote Resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve Remuneration Policy	Commission a Third Party Audit on Working Conditions
How the Fund Manager voted	Against	Against	For
Vote against company management?	Yes	Yes	Yes
Vote against proxy adviser?	No	No	No
Was the voting intention communicated with the company in advance?	No	No	No
Reason for the voting decision	This proposal does not merit support due to pay for performance concerns.	The proposal did not merit support as the amendment could result in diminishing shareholder rights.	This proposal merited support as State Street believe the company's disclosures related to facility safety could be enhanced.
Result of the vote	Pass	Pass	Fail
Next steps	Where appropriate SSGA will contact the company to explain its voting rationale and conduct further engagement.	Where appropriate SSGA will contact the company to explain its voting rationale and conduct further engagement.	Where appropriate SSGA will contact the company to explain its voting rationale and conduct further engagement.

Details of the Vote	Investee Company		
	Sanofi	Goldman Sachs Group	Visa Inc.
Scheme fund	ML Equity Accumulation Fund	ML DGF Solutions Fund	ML Shariah Fund
Fund Manager	LGIM	Schroder	HSBC
Sub fund name	Future World Europe (ex UK) Equity Index Fund	Sustainable Future Multi-Asset Fund	Islamic Global Equity Fund
Date of Vote	25 May 2023	26 April 23	31 January 2024
Total size of fund	£3,749m	£1,131m	£1,220m
Proportion of Fund	1.6%	0.2%	1.6%
Stewardship priority	Diversity, Equality and Inclusion	Climate Change	Corporate Behaviour
Summary of the Vote Resolution	Election of Director	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Advisory Vote to Ratify Named Executive Officers' Compensation
How the Fund Manager voted	Against	For	Against
Vote against company management?	Yes	Yes	Yes
Vote against proxy adviser?	N/A	No	Yes
Was the voting intention communicated with the company in advance?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	No	No
Reason for the voting decision	LGIM expects a company to have a diverse board, with at least a third of board members being women. LGIM expects companies to increase female participation both on the board and	The company is asked to produce a report disclosing how it intends to align its financing activities with its 2030 sectoral GHG emission reduction targets. Schroders welcome additional disclosures	HSBC consider the size of the total pay excessive, and that there is an insufficient link between pay and performance.

	in leadership positions over time.	that help better understand how the company is implementing its climate strategy.	
Result of the vote	Pass	Fail	Pass
Next steps	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	If Schroders believes that the company is not sufficiently responsive to a vote or other engagement work, Schroders may escalate concerns by starting, continuing or intensifying an engagement. As part of this activity, Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.	HSBC will likely vote against a similar proposal should it see insufficient improvements.

Details of the Vote	**Investee Company**		
	NVIDIA Corporation	**Public Storage**	**Yum!**
Scheme fund	ML Passive Ethical Equity Fund	ML Passive Global Real Estate Equity Index Fund	ML Passive Global Ex-UK Equity (GBP Hedged) Fund
Fund Manager	LGIM	LGIM	BlackRock
Sub fund name	Ethical Global Equity Index Fund	Global Real Estate Equity Index Fund	Currency Hedged World ex UK Equity Fund
Date of Vote	22 June 2023	2 May 2023	18 May 2023
Total size of fund	£1,151m	£3,827m	£2,244m
Proportion of Fund	2.6%	3.0%	0.1%
Stewardship priority	Diversity, Equality and Inclusion	Climate change	Diversity, Equality and Inclusion
Summary of the Vote Resolution	Election of Director	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	Shareholder Proposal Regarding Issuance of Civil Rights and Non-discrimination Audit Report
How the Fund Manager voted	Against	For	Against
Vote against company management?	Yes	Yes	No
Vote against proxy adviser?	N/A	N/A	No

Was the voting intention communicated with the company in advance?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	N/A
Reason for the voting decision	LGIM expects a company to have at least one-third women on the board.	LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.	In BlackRock's view, Yum!'s approach to civil rights and non-discrimination is already proportionate to the human capital risks the company has identified
Result of the vote	Pass	Fail	Withdrawn
Next steps	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.	BlackRock has ongoing direct dialogue with companies to explain its views and how it evaluates their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it may vote against management for their action or inaction.

Details of the Vote	Investee Company	
	Shell Plc	**Shin Kong Financial Holding Company**
Scheme fund	ML Passive UK Equity Fund	ML Passive Emerging Market Equity Fund
Fund Manager	LGIM	BlackRock
Sub fund name	UK Equity Index Fund	Emerging Market Equity Fund
Date of Vote	23 May 2023	9 June 2023
Total size of fund	£11,455m	£1,009m
Proportion of Fund	7.0%	0.0%
Stewardship priority	Climate Change	Corporate behaviour
Summary of the Vote Resolution	Approve the Shell Energy Transition Progress	Election of Non-independent and Independent Directors
How the Fund Manager voted	Against	A mix of For and Against
Vote against company management?	Yes	Yes
Vote against proxy adviser?	N/A	Yes
Was the voting intention communicated with the company in advance?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	N/A
Reason for the voting decision	LGIM acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	In a vote to elect 15 directors, BlackRock supported nine candidates campaigned for reform and five management-nominated directors. In BlackRock's view, financial and governance concerns warranted support for the reform side while maintaining a degree of management-supported directors to maintain a level of institutional knowledge in the board.
Result of the vote	Pass	A mix of pass and fail

Next steps	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.	BlackRock has ongoing direct dialogue with companies to explain its views and how it evaluates their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it may vote against management for their action or inaction.

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. A review of SIP was completed in April 2024 after the Scheme Year end. Prior to this, the SIP was last reviewed in February 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 SIP during the Scheme Year.

For and on behalf of the Trustees of Creative Pension Trust

Roger Mattingly (Chair)

October 2024

creative pension trust

part of the Cushon group

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