Implementation Statement, covering the Scheme Year from 1 July 2022 to 30 June 2023

The Trustee of the Bovis Homes Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to its investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustee reviewed the Scheme's new and existing managers and funds over the Scheme Year, as described in Section 2 below.

2. Voting and engagement

The Trustee reviewed its process for monitoring and engaging with managers shortly before the Scheme Year end. The new process was agreed and implemented after the Scheme Year end, and next year's statement for the Scheme Year ending 30 June 2024 will report on how this has been implemented.

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

- LGIM - UK Corporate governance and responsible investment policy
- Columbia Threadneedle Investments - Responsible Investment Policy
- BlackRock - Investment Stewardship Policies Summary

However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

In February 2023 the Trustee received training from its investment advisers on the new trustee guidance published by the Department of Work and Pensions ("DWP") with respect to stewardship. The Trustee subsequently set three stewardship priorities for the Scheme and received further training from its investment advisers on a 'good practice' approach that the Trustee could adopt in order to help shape meaningful interactions on stewardship with its investment managers. The SIP was subsequently reviewed and updated following the Scheme Year end to incorporate the stewardship priorities and the new process, and this will be covered in next year's statement for the Scheme Year ending 30 June 2024.

The Scheme's three stewardship priorities, agreed in March 2023, are:

- climate change;
- biodiversity loss; and
- diversity, equity & inclusion.

These priorities were selected because the Trustee views these issues as market-wide areas of risk that are financially material for the investments and can be addressed by good stewardship. Therefore, the Trustee believes it is in the members' best interests that the Scheme's managers adopt strong practices in these areas.

The Trustee communicated these stewardship priorities to its investment managers after the Scheme Year ending 30 June 2023 and will report on this in the next Implementation Statement.

The Trustee also receives quarterly updates on ESG and stewardship from its investment advisers.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour and challenges managers where their activity has not been in line with the Trustee's expectations.

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

- LGIM Low Carbon Transition Global Equity Index Fund; and
- BlackRock Dynamic Diversified Growth Fund.

In addition to the above, the Trustee contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. We have sought to include voting data on the Scheme's funds that do not hold listed equities, but had voting opportunities, as follows:

- LGIM Buy and Maintain Credit Fund.

None of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

During the Scheme Year the Trustee raised concerns over a misalignment between its stewardship priorities and BlackRock's voting and engagement policies. Following the Scheme Year end, the Trustee agreed to fully redeem its holdings from the BlackRock Dynamic Diversified Growth Fund, in part due to this concern. The redemption occurred following the Scheme Year end in August 2023.

BlackRock

BlackRock determines which companies to engage with directly based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of the engagement being productive.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS). The analysts in each regional team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS with input from investment colleagues as required. BlackRock subscribes to proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one of many inputs into their vote analysis process. Proxy research firms are primarily used to synthesise corporate governance information so that their investment stewardship analysts can readily identify and prioritise companies where additional research and engagement would be beneficial. Other sources of information used include the company's own reporting (such as the proxy statement and the website), BlackRock's engagement and voting history with the company, and the views of active investors, public information and ESG research.

BlackRock refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement their voting intention.

LGIM

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

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

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. LGIM aims to ensure its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

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

3.2 Summary of voting behaviour

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

	Fund 1	Fund 2	Fund 3
Manager name	BlackRock	LGIM	LGIM
Fund name	Dynamic Diversified Growth Fund	Low Carbon Transition Global Equity Index Fund	Buy and Maintain Credit Fund
Total size of fund at end of the Scheme Year	£1,207.7m	£891.4m	£1,068.7m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£11.1m / 12.8%	£15.0m / 17.3%	£24.7m / 28.5%
Number of equity holdings at end of the Scheme Year	2,429	2,811	0
Number of meetings eligible to vote	628	4,546	3
Number of resolutions eligible to vote	7,870	46,501	4
% of resolutions voted	93%	100%	100%
Of the resolutions on which voted, % voted with management	94%	80%	100%
Of the resolutions on which voted, % voted against management	5%	20%	-
Of the resolutions on which voted, % abstained from voting	1%	1%	-
Of the meetings in which the manager voted, % with at least one vote against management	27.0%	64%	-

Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	12%	-

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who held listed equities over the period, is set out below.

During the Scheme Year, the Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of future votes and will report on this in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria[1] for creating this shortlist.

By informing the managers of its stewardship priorities and through regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on the Trustee's behalf.

The Trustee has interpreted "significant votes" to incorporate:

- votes that align with the Trustee's stewardship priorities;
- potential impact on financial outcome on future company performance;
- potential impact on stewardship outcome;
- size of holding in the fund/mandate;
- whether the vote was high-profile or controversial, that could be based on a level of media interest; level of political or regulatory interest; level of industry debate; and
- where the manager was subject to a conflict of interest.

The Trustee has reported on two of these significant votes per fund. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

LGIM was unable to identify significant votes or provide information to help the Trustee assess the significance of votes itself in relation to the Buy and Maintain Credit Fund.

LGIM

LGIM has not provided information on whether an intention to vote against management was communicated to the company ahead of the vote, hence we have not included this.

LGIM Low Carbon Transition Global Equity Index Fund

Royal Bank of Canada, April 2023. Vote: For. **Management recommendation:** Against. **Outcome of the vote:** Not passed**.**

- **Summary of resolution:** Resolution to report on 2030 absolute greenhouse gas reduction goals.
- **Rationale:** LGIM has embedded scope 3 disclosure and targets into its minimum expectations for all sectors, with specific detail within individual sectors. LGIM will generally support resolutions that seek to expand and improve the level of emissions disclosure and target-setting for the high-emitting sectors in line with energy scenario analysis and market expectations of absolute reductions over time.
- **Approx size of the holding at the date of the vote**: 0.2%

[1] Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

- **Relevant stewardship priority:** Climate change.
- **Criteria against which this vote has been assessed as "most significant":** LGIM considered this vote to be significant as LGIM pre-declared its intention to support the resolution. LGIM continues to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met. LGIM's decision on how to vote and its rationale has implications for climate change, a stewardship priority set by the Trustee.
- **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.

Amazon, May 2023. Vote: For. **Management recommendation:** Against. **Outcome of the vote:** Not passed**.**

- **Summary of resolution:** Report on median and adjusted gender pay gaps.
- **Rationale:** LGIM voted for the resolution as it believes in full disclosure of gender and racial pay gaps.
- **Approx size of the holding at the date of the vote**: 1.7%
- **Relevant stewardship priority:** Diversity, Equity and Inclusion.
- **Criteria against which this vote has been assessed as "most significant":** LGIM considered this vote to be significant as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. LGIM's decision on how to vote and its rationale has implications for Diversity, Equity and Inclusion, a stewardship priority set by the Trustee.
- **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.

BlackRock Dynamic Diversified Growth Fund

BlackRock considers votes to be significant if they are around themes that BlackRock believes will encourage sound governance practices and deliver sustainable long-term financial performance at the companies in which it invests on behalf of its clients. The BlackRock Stewardship team publishes statements on their votes in relation to certain high-profile proposals at company shareholder meetings, which we have summarised for the examples below.

BlackRock has not provided information on the approximate size of the holding at the date of the vote. Hence, we have not included this. BlackRock endeavours to communicate its voting intentions to companies as part of their engagement process. However, BlackRock does not gather, and is therefore unable to provide, vote-specific information on whether it communicated its voting intention to the company ahead of a given vote. Hence, we have not included this.

A.O. Smith, April 2023. Vote: Against. **Management recommendation:** Against**. Outcome of the vote:** not passed.

- **Summary of resolution:** Report on whether company policies reinforce racism in company culture.
- **Rationale:** BlackRock believe the company already has policies in place to address the request being made by the proposal, or that they are already enhancing its relevant policies.
- **Relevant stewardship priority:** Diversity, Equity and Inclusion.
- **Criteria against which this vote has been assessed as "most significant":** BlackRock's decision on how to vote and its rationale has implications for Diversity, Equity and Inclusion, a stewardship priority set by the Trustee.
- **Next steps**: Since the Scheme year end, in August 2023 the Trustee fully redeemed its holdings in the BlackRock Dynamic Diversified Growth Fund, and therefore there is no cause to escalate this with BlackRock.

Alphabet Inc., February 2023. Vote: Against. **Management recommendation:** Against. **Outcome of the vote:** not passed.

- **Summary of resolution:** Report on framework to assess company lobbying alignment with climate goals.
- **Rationale:** BlackRock believes the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.
- **Relevant stewardship priority:** Climate change

- **Criteria against which this vote has been assessed as "most significant":** BlackRock's decision on how to vote and its rationale has implications for climate change, a stewardship priority set by the Trustee.
- **Next steps:** Since the Scheme year end, in August 2023 the Trustee fully redeemed its holdings in the BlackRock Dynamic Diversified Growth Fund, and therefore there is no cause to escalate this with BlackRock.