

Advice on the annual Implementation Statement

Galliford Try Final Salary Pension Scheme

10 June 2025

This note has been prepared for the Trustee of the Galliford Try Final Salary Pension Scheme (the “Scheme”) in response to your request that we provide a draft Implementation Statement (“IS”) for the Scheme.

Background and introduction

There is a requirement for most trust-based defined benefit (“DB”) and defined contribution (“DC”) pension Schemes to produce an IS which covers the report and accounts year (which is the 12 months to 30 June for the Scheme).

The Department for Work and Pensions (“DWP”) issued [Statutory Guidance](#) in June 2022 which applies to any IS that trustees are required to prepare in respect of pension scheme year ends on or after 1 October 2022. The guidance gives an overview of the items which Trustees “must”, “should”, are “encouraged”, “could” or “may” include in their IS.

“Must” items are requirements imposed by legislation. “Should” items are expected to be followed, and if not followed, trustees should describe concisely the reasons for deviating from the guidance approach. For “Could”, “May” and “Encouraged” items, it is hoped that trustees will address them where possible but they are not expected to explain reasons if not followed. We have included all “must” and “should” items and some “could” items.

The guidance states that the Pensions Regulator is the primary audience for the IS, but it should be written in plain English as far as possible so that members could reasonably interpret and understand the disclosures. Trustees are encouraged to consider producing member-facing summary versions of the IS (with signposting to the full IS). Please let us know if you would like us to prepare a “member friendly” summary version of the IS.

The DWP has stated that it is important that trustees understand and consider financially material Environmental, Social and Governance (“ESG”) factors and stewardship approaches in their investment decisions.

For DB Schemes without a DC section (such as your Scheme), the IS should set out how, and the extent to which, the Trustee has followed the **voting and engagement policies** in the Statement of Investment Principles (“SIP”) during the Scheme Year. In addition, Trustees should seek to demonstrate they have had regard to the Statutory Guidance.

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

The DWP’s guidance states: “where Trustees use the voting policy of the asset manager, they should briefly summarise in the IS whether the asset manager’s voting behaviour was aligned with the Scheme’s stewardship priorities”.

Key points

We have produced the draft IS in this note based on our understanding of the regulatory requirements and the DWP’s stewardship guidance. Ultimately it is the Trustee’s responsibility to produce a compliant IS and the Pensions Regulator can impose fines for non-compliance. **Therefore, you may wish to obtain legal advice to ensure that all requirements have been met.**

There is interest in the IS from the Pensions Regulator, policymakers, and the media; as such **please ensure you are comfortable with the content being in the public domain.**

In the section of the IS on voting behaviour, we have included data on the Scheme’s funds that hold equities as follows:

- LGIM Low Carbon Transition UK Equity Index Fund; and
- LGIM Low Carbon Transition Developed Markets Equity Index Fund.

The Scheme also holds assets with Insight Investment Management in a range of Liability Driven Investment funds, credit funds, and two liquidity funds. We contacted Insight to ask if any of these assets held by the Scheme had voting

opportunities over the Scheme Year. None of the funds held assets that had voting opportunities, hence we have not included information on these funds.

The Scheme was also invested in the BlackRock Dynamic Diversified Growth Fund during part of the Scheme Year. The Trustee fully redeemed the Scheme's holdings in the fund shortly after the beginning of the Scheme Year, on 8 August. BlackRock are unable to provide part-period voting data for the period in which the Scheme was invested, and therefore we have not included this information.

Next steps

We propose that you review the IS and include it within your Report & Accounts ending End of Scheme Year to comply with the relevant regulations. The Report & Accounts need to be finalised within seven months of the end of the Scheme Year, ie by 31 January 2025.

Please note that in preparing the draft IS we have assumed that the new Statement of Investment Principles for the Scheme, agreed following the Scheme year end, will be published online before the Report & Accounts has been finalised. Therefore, please ensure the new Statement of Investment Principles is made publicly available online before the Report & Accounts is finalised. We have also assumed that the Trustee has sent letters to the investment managers communicating its stewardship priorities before the IS is finalised.

You are required to publish your IS on a website for public access as soon as reasonably practicable after the Report & Accounts are signed off.

We expect you will use the same location for the IS that was published last year. A specific web address for the location of the published materials must be included in members' Annual Benefit Statements (where members do not receive one, they must be sent a separate notification containing this information).

Please let us know if you have any questions or would like to discuss.

Contact details

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Implementation Statement, covering the Scheme Year from 1 July 2023 to 30 June 2024 (the “Scheme Year”)

The Trustee of the Galliford Try Final Salary 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

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year in July 2023 to reflect DWP’s new guidance on “Reporting on Stewardship and Other Topics through the SIP and Implementation Statement” which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship. Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

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 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 start of the Scheme Year. The new process was agreed and implemented during the Scheme Year and the SIP was updated in July 2023 to reflect the Trustee’s updated voting and engagement policies.

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

- Insight: [Responsible investment | Insight Investment](#)
- LGIM: [UK Corporate Governance and Responsible Investment Principles policy document](#)

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.

As part of the quarterly investment monitoring reports, throughout the Scheme Year the Trustee reviewed responsible investment (RI) scores for the Scheme’s existing managers and funds from its investment adviser, LCP. These scores cover the manager’s approach to ESG factors, voting and engagement, and are based on LCP’s ongoing manager research programme. The Trustee was satisfied with the results and no further action was taken. The Trustee also received quarterly updates on stewardship from its investment adviser.

In the previous Scheme Year ending 30 June 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 in March 2023 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 to incorporate the chosen stewardship priorities and new process during the Scheme Year in July 2023.

The Scheme's three stewardship priorities 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 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 UK Equity Index Fund; and
- LGIM Low Carbon Transition Developed Markets Equity Index Fund.

The Scheme was also invested in the BlackRock Dynamic Diversified Growth Fund for part of the Scheme Year. The Trustee fully redeemed the Scheme's holdings in the fund shortly after the beginning of the Scheme Year, on 8 August 2023. BlackRock are unable to provide part-period voting data for the period in which the Scheme was invested, and therefore we have not included this information.

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. 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.

We have not included a description of BlackRock's voting processes on materiality grounds given the Scheme fully redeemed its holdings with BlackRock shortly after the beginning of the Scheme Year.

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
Manager name	LGIM	LGIM
Fund name	Low Carbon Transition UK Equity Index Fund	Low Carbon Transition Developed Equity Index Fund
Total size of fund at end of the Scheme Year	£941.4m	£1,968.3m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£2.9m / 2.8%	£2.9m / 2.8%
Number of equity holdings at end of the Scheme Year	81	1,380
Number of meetings eligible to vote	95	1,555
Number of resolutions eligible to vote	1,869	21,781
% of resolutions voted	100.0%	99.5%
Of the resolutions on which voted, % voted with management	96.4%	78.3%
Of the resolutions on which voted, % voted against management	3.6%	21.2%
Of the resolutions on which voted, % abstained from voting	0.0%	0.5%
Of the meetings in which the manager voted, % with at least one vote against management	33.7%	79.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	3.4%	16.0%

Note: Totals may not sum due to rounding.

3.3 Most significant votes

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

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 or inform managers which votes it considered to be most significant in advance of those votes. 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 criteria¹ 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 mean votes which relate to one or more of the Trustee's stewardship priorities.

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

LGIM has not provided information at a vote-specific level on whether an intention to vote against management was communicated to the company ahead of the vote, hence we have not included this. LGIM publicly communicates its vote instructions on its website with the 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 Low Carbon Transition UK Equity Index Fund

Unilever Plc, May 2024.

- **Summary of resolution:** Approve Climate Transition Action Plan.
- **Approx size of the holding at the date of the vote:** 6.5%
- **Relevant stewardship priority:** Climate change
- **Criteria against which this vote has been assessed as "most significant":** LGIM considers this vote to be significant as LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deems such votes to be significant. The resolution relates to one of the Scheme's stewardship priorities: Climate change.
- **Company management recommendation:** For **Fund manager vote:** For.
- **Rationale:** LGIM voted for this resolution as LGIM understands it to meet LGIM's minimum expectations. 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 a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, LGIM notes that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believes the company's ambition level to be adequate. LGIM therefore remains supportive of the net zero trajectory of the company at this stage.
- **Outcome of the vote and next steps:** For. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Experian Plc, April 2024

- **Summary of resolution:** Re-elect Mike Rogers as Director.

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

- **Approx size of the holding at the date of the vote:** 1.8%
- **Relevant stewardship priority:** Diversity, Equity and Inclusion.
- **Criteria against which this vote has been assessed as “most significant”:** LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf. The resolution relates to one of the Scheme’s stewardship priorities: Diversity, Equity and Inclusion.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** LGIM voted against this resolution due to the lack of gender diversity at executive officer level. LGIM expects executives officers to include at least 1 female.
- **Outcome of the vote and next steps:** For. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Low Carbon Transition Developed Markets Equity Index Fund

Smith & Nephew plc, May 2024

- **Summary of resolution:** Re-elect Marc Owen as Director
- **Approx size of the holding at the date of the vote:** 0.5%
- **Relevant stewardship priority:** Diversity, Equity and Inclusion.
- **Criteria against which this vote has been assessed as “most significant”:** LGIM views diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf. The resolution relates to one of the Scheme’s stewardship priorities: Diversity, equity & inclusion.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** LGIM voted against this proposal due to a lack of progress on gender diversity on the board. LGIM expects companies to have at least 40% female representation on the board.
- **Outcome of the vote and next steps:** For. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Broadcom Inc., April 2024.

- **Summary of resolution:** Elect Director Henry Samueli.
- **Approx size of the holding at the date of the vote:** 0.9%
- **Relevant stewardship priority:** Climate change.
- **Criteria against which this vote has been assessed as “most significant”:** LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, its flagship engagement programme targeting companies in climate-critical sectors.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** LGIM voted against this resolution as the company is deemed to not meet minimum standards with regard to climate risk management.
- **Outcome of the vote and next steps:** For. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.