

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

Report and Financial Statements for the year ended 31 January 2025

Scheme Registration No: 100113710



CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

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CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

TRUSTEE AND ADVISERS

Trustee:	Crest Nicholson Pension Trustee Limited
Trustee Directors:	<p>Duncan Charles Revolta **</p> <p>Pension Lawyer Trustee Limited (represented by Jane Kola) **</p> <p>Jeremy Fry *</p> <p>* <i>Member Nominated</i></p> <p>** <i>Employer Nominated</i></p>
Secretary to the Trustee:	Stephanie Fleming
Actuary:	<p>Adam Stanley FIA</p> <p>XPS Pensions Group</p>
Independent Auditors:	PricewaterhouseCoopers LLP
Legal Advisers:	Baker & McKenzie LLP
Bankers:	<p>Lloyds Bank plc</p> <p>Barclays Bank plc</p>
Investment Managers:	<p>Alcentra Limited</p> <p>BlueCrest Capital Management LLP</p> <p>Insight Investment Fund Management Limited</p> <p>Legal & General Investment Management Limited</p> <p>Ruffer LLP (until 28 January 2025)</p>
Annuity Providers:	<p>The Prudential Assurance Company Limited</p> <p>Rothsay Life PLC</p>
Financial Advisers:	Lane, Clark and Peacock LLP
AVC Providers:	<p>Phoenix Life Limited (until 17 December 2024)</p> <p>The Prudential Assurance Company Limited</p>
Administrators:	XPS Administration Limited
Principal Employer:	Crest Nicholson plc
Participating Employer	Crest Nicholson Operations Limited

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 JANUARY 2025

The Directors of the Trustee present to the members their annual report and financial statements in respect of the Crest Nicholson Group Pension and Life Assurance Scheme ('the Scheme') for the year ended 31 January 2025.

Scheme Information

The Scheme, which is legally and financially separate from the Employers, is constituted by a Trust Deed dated 22 December 2017, including subsequent amendments, and is administered in accordance with the Rules by the Trustee.

The Scheme is a defined benefit scheme, which means that the benefits under it are calculated on a pre-determined basis specified in the Scheme Rules for its members. The Scheme is closed to both new employees (effective 1 October 2001) and to future accrual (effective 30 April 2010). Members of the Scheme were contracted-out of the earnings-related part of the State Scheme until 30 April 2010.

The Scheme provides pensions and lump sum benefits on retirement for members of the Scheme and on death for their dependants as specified within the Scheme Rules.

Trustee directors are appointed and removed from office by the Principal Employer in accordance with the Trust Deed. They have the responsibility for ensuring that the Scheme is properly run in accordance with its governing documents, and in the best interests of the members.

Under the provisions, of the Pensions Act 2004, at least one-third of the Trustee Directors must be nominated by Scheme members. In accordance with these provisions, one Member Nominated Trustee Director has been appointed. The Member-Nominated Trustee Director is Jeremy Fry.

During the year the Trustee Directors met six times to review the management of the Scheme and to monitor the performance of the Investment Managers, Administrators and Advisers.

Membership

	Deferred Members	Pensioners*
At 1 February 2024	587	821
Retirements	(39)	39
Trivial Commutations	(1)	(1)
Deaths	(2)	(35)
Transfers out	(2)	-
New Dependants	-	11
From Suspended	-	1
At 31 January 2025	543	836

Out of the 836 pensioners, 142 (2024: 156) pensioners have their pensions funded by annuity purchases only, 627 (2024: 596) pensioners are being paid pensions from the Scheme fund only and 67 (2024: 69) pensioners are being paid pensions both by annuity purchases and from the Scheme fund.

In addition, there is 1 (2024: 2) pensioner whose status is currently 'suspended'. The Trustee and its Administrators have been unsuccessful in contacting the pensioner and their pension will remain suspended until further information is received.

*Included within the Pensioners figure is 138 (2024: 126) spouse and dependant members in receipt of a pension.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

TRUSTEE'S REPORT (continued)

Pension increases

All pensions in payment were increased in accordance with the Rules of the Scheme and were increased during the Scheme year as follows:

- (i) Pension relating to service on or before 5 April 1997 was increased by 3%.
- (ii) Pension relating to service on or after 6 April 1997 was increased by LPI.
- (iii) Some tranches of Pre 97/Pre 88 GMP increase by 0%, depending on a member's service dates in the Scheme.

Deferred pensions were increased during the Scheme year by an amount necessary to meet statutory requirements.

There were no discretionary increases made during the year.

Transfer Values

Cash equivalents (transfer values to other approved pension arrangements) paid during the Scheme year are calculated and verified as prescribed by Section 97 of the Pension Schemes Act 1993. No discretionary benefits are included.

Benefit/Scheme Changes

There were no changes to benefits under the Scheme during the year.

Financial Development of the Scheme

Changes in the Scheme's net assets during the year were as follows:

	£
Net assets at 1 February 2024	152,594,747
Net withdrawals from dealings with members	(8,139,464)
Net returns on investments	<u>(902,327)</u>
Net assets at 31 January 2025	<u>143,552,956</u>

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

For information on the returns on investments movement during the year, please see page 10 of the investment report.

Enquiries

All enquiries about the Scheme and individual benefit entitlements should be addressed to:

Stephanie Fleming
Assistant Secretary to the Trustee
Crest Nicholson Group Pension and Life Assurance Scheme
500 Dashwood Lang Road
Bourne Business Park
Addlestone
Surrey KT15 2HJ

Email: pensions@crestnicholson.com

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

TRUSTEE'S REPORT (continued)

MoneyHelper

MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

MoneyHelper
Bedford Borough Hall
138 Cauldwell Street
Bedford MK42 9AB

Tel: 0800 011 3797

Email: pensions.enquiries@moneyhelper.org.uk

Website: www.moneyhelper.org.uk

Pensions Ombudsman

Whilst it is the Trustee's aim to always provide the highest level of service and diligence to members and beneficiaries alike, there may be occasions when a member or beneficiary feels that they have not been fairly treated. The Scheme has a formal internal dispute resolution procedure (IDRP) in place, intended for use when such a situation arises. The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to the Scheme, but only if the individual has first attempted to resolve the issue through the scheme's IDRP.

If you are unhappy with the response, you can refer your complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Please address any initial concerns to Stephanie Fleming (see previous page for contact details) who will aim to resolve the problem as quickly as possible. A full copy of the IDRP can also be obtained from Stephanie Fleming or online at <https://www.crestnicholson.com/pension-scheme>. If the matter has not been resolved satisfactorily the Pensions Ombudsman can be contacted at:

Pensions Ombudsman
10 South Colonnade
Canary Wharf
London E14 4PU

Tel: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

The Pensions Regulator (TPR)

The Pensions Regulator can intervene if they consider that a scheme's trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton BN1 6AF

Tel: 0345 600 0707

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

TRUSTEE'S REPORT (continued)

The Pension Scheme Registry

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 100113710. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

Pension Tracing Service
The Pension Service
Post Handling Site A
Wolverhampton WV98 1AF

Tel: 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

INVESTMENT REPORT

Investment management

Over the year under review, the investments of the Crest Nicholson Group Pension and Life Assurance Scheme (the "Scheme") were managed by Ruffer LLP ("Ruffer"), Legal & General Investment Management Limited ("LGIM"), Insight Investment Fund Management Limited ("Insight"), Alcentra Limited ("Alcentra"), and BlueCrest Capital Management LLP ("BlueCrest").

In addition, the Trustee has a bulk annuity contracts with Prudential Assurance Company Limited and Rothesay Life PLC to insure benefit payments linked to the Scheme's pensioner members.

Additional Voluntary Contributions are invested with The Prudential Assurance Company Limited and Phoenix Life Limited (until December 2024) according to the wishes of individual members.

The Trustee confirms that the investments of the Scheme are invested in accordance with the Occupational Pensions Schemes (Investment) Regulations 1996.

The Trustee has limited influence over managers' investment practices because most of the Scheme's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment 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 the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. The duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

Statement of Investment Principles

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Employer. The SIP was reviewed and updated in November 2024. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employer, the appointed Investment Consultant (Lane Clark and Peacock LLP), and the appointed Scheme Actuary (Adam Stanley FIA, XPS Pensions Group) are consulted during the review. A copy of the latest SIP is available on request.

Investment strategy

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Scheme's investment consultants, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

INVESTMENT REPORT (continued)

Investment strategy (continued)

The following tables detail the asset distribution at the financial year end by fund, excluding the bulk annuity policy, and strategic allocation as set out in the Statement of Investment Principles. Figures may not sum due to rounding.

Fund	Asset class	Allocation as at 31 Jan 25 (£)	Allocation as at 31 Jan 24 (£)
Growth Investments		32,426	4,974,120
Global Equity		-	2,672,666
L&G Global Equity	Global Equities	-	2,672,666
Alternatives		32,426	2,301,454
Ruffer Global - Absolute Return	Alternatives	-	2,269,028
BlueCrest Alpha – MultiStrategy ¹	Alternatives	32,426	32,426
Fixed Income Investments		133,915,199	121,392,099
Fixed Income Defensive		68,731,605	57,523,191
Insight LDI Enhanced Selection Longer Nominal ¹	Fixed Income Defensive	12,615,807	14,757,687
Insight LDI Enhanced Selection Longer Real ¹	Fixed Income Defensive	15,434,030	16,404,059
Insight LDI Enhanced Selection Shorter Nominal ¹	Fixed Income Defensive	3,281,419	850,926
Insight LDI Enhanced Selection Shorter Real	Fixed Income Defensive	4,209,372	11,743,098
Insight Liquidity Plus	Fixed Income Defensive	13,059,845	13,767,421
LGIM Sterling Liquidity	Fixed Income Defensive	20,131,132	-
Fixed Income Growth		65,183,594	68,868,908
Insight Global ABS	Fixed Income Growth	23,031,023	19,683,151
Alcentra Direct Lending ²	Fixed Income Growth	6,028,778	7,934,134
Insight Buy and Maintain Corporate Bonds	Fixed Income Growth	36,123,794	36,251,623
Cash		15,509,573	20,500,438
Trustee Bank Account ³		15,509,573	20,219,797
Cash in transit ⁴		-	280,641
Total		149,457,198	148,866,656

Source: Investment managers and Trustee. Numbers may not sum due to rounding.

- 31 January 2024 and 31 January 2025 BlueCrest valuations are as at the latest available date (30 June 2018) adjusted for known cashflows.
- Alcentra valuations are as at 31 December 2023 and 31 December 2024, as the fund is quarterly priced at T+60. We have adjusted these valuations for known capital calls and distributions to 31 January 2024 and 31 January 2025 respectively.
- The Trustee bank account balance as at 31 January 2025 has been adjusted for the pending payment to LGIM Sterling Liquidity Fund, paid in Early February 2025, as this figure is already reflected in the LGIM Liquidity balance in the table. The investment of around £10.9m cash into this Fund was executed on LGIM's 31 January 2025 trade date, but the trade was settled in early February 2025.
- Cash in transit represents an audit holdback of the remaining proceeds from the Ares Secure Income redemption (which took place in September 2023), which settled in the Trustee Bank Account later in 2024, once Ares had signed off the annual audit for the Fund's accounts.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

INVESTMENT REPORT (continued)

Investment strategy (continued)

Asset class	Allocation as at 31 Jan 25 (%)	Strategic allocation (%)
Global Equities	0.0%	5.0%
Alternatives	0.0%	7.0%
Fixed Income Defensive	49.6%	43.0%
Fixed Income Growth	47.1%	45.0%
Cash	3.3%	-
Total	100.0%	100.0%

There is no formal rebalancing policy. The Trustee monitors the asset allocation from time to time. If material deviations from the strategic allocation occur, the Trustee will consider, with its advisers whether it is appropriate to rebalance the assets considering factors such as market conditions and anticipated future cash flows.

As the Scheme matures over time, the Trustee will seek to de-risk the investment strategy in line with the change in the liability profile of the Scheme. This means that the investment strategy is expected to target a higher allocation to lower risk assets as the Scheme matures.

Material changes to the investments during the year ended 31 January 2025 were driven by multiple changes to the Scheme's investment strategy over the year, agreed in May 2024 and subsequently in November 2024. These changes are set out below:

- In February 2024, c£5.0m, c£8.4m and c£2.6m was invested in LGIM equities, Ruffer absolute return and Insight Global ABS respectively. This was funded from the c£11.4m of proceeds from the Insight Secured Finance allocation which was fully redeemed at the end of 2023.
- Over November and December 2024, the Trustee changed the Scheme's hedging target (which involved restructuring the LDI portfolio) to target 100% of the interest rate and inflation risk associated with LCP's estimated buy-out basis (moving from a hedging target based on the Secondary Funding Objective liability measure) based on membership data from the new 2024 actuarial valuation. Implementing the new hedging target involved a number of transfers between the LDI funds.
- In December 2024, the Trustee fully redeemed from the LGIM Global Equity fund in order to reduce investment risk, followed by a full redemption in January 2025 of the Scheme's holding in the Ruffer Absolute Return mandate. The c£9.1m (LGIM) and c£11.0m (Ruffer) of proceeds were invested in the LGIM Sterling Liquidity Fund in December 2024 and January 2025 respectively.

Derivatives

The Scheme does not directly hold any derivatives, however underlying funds such as those within the Insight LDI portfolios (and formerly the Ruffer Absolute Return mandate) will make use of a range of derivatives including swaps, futures and options in order to achieve interest rate and inflation hedging of the Scheme's liabilities.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

INVESTMENT REPORT (continued)

Investment performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings. The following table shows the performance of the Scheme and the appointed investment managers over the one, three and five year periods to 31 December 2024 (for those managers in place as at 31 January 2025), after the deduction of fees except where indicated.

Fund	One year (%)		Three years (%)		Five years (%)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Insight LDI Enhanced Selection Longer Nominal	-31.2%	-29.7%	-62.9%	-63.0%	-44.7%	-45.0%
Insight LDI Enhanced Selection Longer Real	-30.2%	-29.3%	-64.9%	-64.3%	-42.1%	-41.7%
Insight LDI Enhanced Selection Shorter Nominal	-26.9%	-26.3%	-64.8%	-63.7%	-46.7%	-46.1%
Insight LDI Enhanced Selection Shorter Real	-24.1%	-24.1%	-61.6%	-60.9%	-39.0%	-38.7%
Insight Global ABS	9.0%	5.2%	4.4%	3.8%	2.7%	2.3%
Insight Buy & Maintain	1.7%	1.0%	-	-	-	-
Alcentra Direct Lending	2.1%	8.0%	4.2%	8.0%	5.6%	8.0%
Scheme	-6.5%	-6.2%	-13.6%	-13.0%	-6.0%	-6.3%

Source: Investment managers. LCP calculations.

Please note:

- BlueCrest performance is not shown due to unavailability of data.
- Insight's Buy and Maintain Corporate Bond Fund performance is not shown for the three- and five-year periods as the Scheme first invested in August 2023. Insight's net of fees performance for all asset classes has been estimated by LCP using quarterly performance data provided by Insight.
- Alcentra performance was estimated by LCP using known cashflows and capital statements. A true reflection of the performance of this mandate will only be known once proceeds are fully returned to investors.
- All performance is shown on a net of fees basis. Returns are quoted in line with individual manager performance targets.
- Total Scheme (net of fees) performance represents a net of fees calculation over all periods shown.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

INVESTMENT REPORT (continued)

Transaction costs

The Trustee is aware that indirect transaction costs will be incurred through the bid-offer spread on investments within the Scheme's pooled investment vehicles and charges made within those vehicles. There were no direct transaction costs incurred by the Scheme over the year as all of the Scheme's investments were made via pooled funds.

In addition to the direct transaction costs above, indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles and charges made within those vehicles.

Custody of assets

The Trustee has delegated the appointment and monitoring of the custodial function for the assets underlying the pooled funds to the investment managers of the respective funds. The custodian is responsible for the safekeeping of the documents relating to the ownership of the assets underlying the pooled vehicles.

The underlying assets are held by a number of custodians who have agreements with the investment manager of the assets:

Fund	Custodian
LGIM	Citibank
Insight	Northern Trust Fiduciary Services (Ireland) Limited
Alcentra	Apex Fund and Corporate Products (Luxembourg) S.A. (Previously Sanne Group (Luxembourg) S.A.)

There is no direct relationship between the custodians and the Trustee.

Investment management

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Scheme's asset portfolio is the responsibility of the investment managers and bulk annuity provider, who operate within the guidelines of their specific mandates.

Marketability of investments

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment.

Investment principles

Trustee's policies in relation to voting rights

The Trustee recognises its responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and is in the best interests of the Scheme's members.

The Trustee seeks to appoint investment managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council, and from time to time it reviews how these are implemented in practice.

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. It expects the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.

As all of the Trustee's investments are held through managers or pooled funds, it does not monitor or engage directly with issuers or other holders of debt or equity.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

INVESTMENT REPORT (continued)

Investment principles (continued)

The Trustee monitors managers' activities in relation to ESG factors, voting and engagement on a regular basis. It seeks to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with the Trustee's expectations.

The Trustee has selected some priority ESG themes to provide a focus for its monitoring of investment managers' voting and engagement activities. It reviews the themes regularly and updates them if appropriate. It communicates these stewardship priorities to its managers and also confirms its more general expectations in relation to ESG factors, voting and engagement.

If the Trustee's monitoring identifies areas of concern, it will engage with the relevant manager to encourage improvements.

Trustee's policies on environmental, social and governance ("ESG") and ethical factors

The Trustee considers how ESG considerations (including but not limited to climate change) should be addressed in the selection, retention, and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee influences the Scheme's approach to ESG and other financially material factors through its investment strategy and manager selection decisions. The Trustee expects all of its investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. It seeks to appoint managers that have the skills and processes to do this, and reviews how the managers are taking account of these issues in practice on an annual basis (and engage with managers where it feels improvements can be made).

The Trustee encourages its managers to improve their ESG practices, although it acknowledges that it has limited influence over managers' investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.

Within each asset class, the Trustee considers investment options that give increased weight to ESG factors. Decisions regarding the approach taken with respect to ESG are made on a case by case basis. .

The Trustee does not consider matters that are purely non-financial in nature (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments. However, the line between financial and non-financial factors is not always clear cut) and some non-financial factors that may not immediately present as financially material may have the potential to become so in the future. The Trustee keeps this under review as part of its overall thinking regarding of ESG considerations.

The Trustee has developed a standalone responsible investment framework which sets out its policies regarding this topic in more detail. A copy of this document is available on request.

Trustee's policy on the implementation of asset manager arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser as to whether the investment is satisfactory, having regard to the factors set out in Section 4, the need for suitable and appropriately diversified investments and other points covered under Regulation 4 of the 2005 Investment Regulations.

The Trustee has signed agreements with the investment managers, setting out the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Scheme's investments. The managers are authorised under the Financial Services and Markets Act 2000 (as amended) to carry out such activities.

The Trustee and investment managers to whom discretion has been delegated exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

INVESTMENT REPORT (continued)

Investment principles (continued)

Trustee's policy on the implementation of asset manager arrangements (continued)

The Trustee has limited influence over managers' investment practices because most of the Scheme's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment 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 the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. It expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). The Trustee assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by considering performance, as well the role it plays in helping to meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in its assessment of the investment managers, the Trustee does not explicitly monitor portfolio turnover. It expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

General Code of Best Practice

The principles set out in the General Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension scheme trustees are expected to consider their applicability to their own scheme and report on a 'comply or explain' basis how they have used them.

The principles emphasise the essentials of investment governance, notably the importance of effective decision making, clear investment objectives and focus on the nature of each scheme's liabilities. The principles require that trustees include a statement of the scheme's policy on responsible ownership in the SIP and report periodically to members on the discharge of these responsibilities.

The Trustee considers that its investment policies and its implementation are in keeping with these principles.

The implementation statement set out on page 38 forms part of the Trustee's Report.

Employer related investments

As at 31 January 2025, the Scheme did not hold any direct or indirect employer related investments (2024: Nil), within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

REPORT ON ACTUARIAL LIABILITIES

As required by Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102'), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 January 2024. This showed on that date:

The value of the technical provisions was £142.4 million.

The value of the assets was £150.5 million.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles dated 30 April 2025).

Method

The actuarial method used in the calculation of the technical provisions was the Defined Benefit Accrued Method.

Significant actuarial assumptions

Discount interest rate (pre and post retirement): full Bank of England Gilt curve plus 0.5% per annum.

Future retail price inflation: full Bank of England implied Inflation Government Liability Curve.

Future consumer price inflation: set as future retail price inflation less an adjustment equal to 0.75% per annum until 2030, then set as equal to retail price inflation thereafter.

Future pension increases in payment: pensions in payment accrued after 5 April 1997 increase in line with retail price inflation subject to a cap of 5% per annum. These are derived from future retail price inflation using the Black Scholes actuarial model with price inflation volatility of 1.75% per annum. Pension accrued before this date increases at 3% per annum.

Future pension increases in deferment: set as future consumer price inflation for pension in excess of guaranteed minimum pensions.

Future mortality in retirement: 102%/ 102% of the S3PA tables for male/ female pensioners respectively and 102%/ 99% of the S3DA tables for male/ female dependents respectively with an allowance for future improvements in line with the CMI 2022 projection model (with the default smoothing parameter) with an initial addition of 0.3%, and core data weighting parameters allowing for 0% weightings for mortality experience over 2020 and 2021 of a 25% weighting to 2022 mortality experience, and long term annual improvement rates of 1.6% per annum for males and 1.2% for females.

The next actuarial valuation will be at 31 January 2027.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

ACTUARY’S CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Actuary’s certification of schedule of contributions

Crest Nicholson Group Pension and Life Assurance Scheme (the “Scheme”)

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 January 2024 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 30 April 2025.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme’s liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature



Date

30 April 2025

Name

Adam Stanley

Qualification

Fellow of the Institute
and Faculty of Actuaries

Address

Tempus Court, Onslow Street, Guildford, GU1 4SS

Employer

XPS Pensions

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the scheme in the form of an annual report.

The Trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the maintenance and integrity of the annual report on the MyPension website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions showing the rates of contributions payable to the Scheme by or on behalf of Employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Approval

The Trustee's Report, which includes the Investment Report, the Report on Actuarial Liabilities, the Statement of Trustee's Responsibilities and the Implementation Statement was approved by the Trustee on

22/7/2025 | 16:52 BST

..... Date

For and on behalf of the Trustee

Signed by:

Duncan Revolta

6501F2A995B348B.....

Trustee Director

Signed by:

Jane Kola

7888B078B8F54CB.....

Trustee Director

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

Independent auditors' report to the Trustee of Crest Nicholson Group Pension and Life Assurance Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Crest Nicholson Group Pension and Life Assurance Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 January 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included within the Report and Financial Statements, which comprise: the Statement of Net Assets (Available for Benefits) as at 31 January 2025; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

Independent auditors' report to the Trustee of Crest Nicholson Group Pension and Life Assurance Scheme (continued)

Reporting on other information

The other information comprises all of the information in the Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

Independent auditors' report to the Trustee of Crest Nicholson Group Pension and Life Assurance Scheme (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

Date: 23/7/25

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

FUND ACCOUNT

For the year ended 31 January 2025

	Note	2025 £	2024 £
CONTRIBUTIONS AND BENEFITS			
Employer contributions		<u>750,000</u>	<u>1,500,000</u>
Total contributions	4	<u>750,000</u>	<u>1,500,000</u>
Benefits paid or payable	5	(7,763,668)	(7,927,958)
Payments to and on account of leavers	6	(10,970)	(825,554)
Other payments	7	(500)	-
Administrative expenses	8	<u>(1,114,326)</u>	<u>(990,995)</u>
		<u>(8,889,464)</u>	<u>(9,744,507)</u>
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		<u>(8,139,464)</u>	<u>(8,244,507)</u>
RETURNS ON INVESTMENTS			
Investment income	9	6,316,650	12,999,173
Change in market value of investments	11	(7,272,225)	(18,842,599)
Investment management expenses	10	<u>53,248</u>	<u>89,487</u>
NET RETURNS ON INVESTMENTS		<u>(902,327)</u>	<u>(5,753,939)</u>
NET DECREASE IN THE FUND		(9,041,791)	(13,998,446)
OPENING NET ASSETS		<u>152,594,747</u>	<u>166,593,193</u>
CLOSING NET ASSETS		<u><u>143,552,956</u></u>	<u><u>152,594,747</u></u>

The notes on pages 22 to 35 form part of these financial statements.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 January 2025

	Note	2025 £	2024 £
INVESTMENT ASSETS	11		
Pooled investment vehicles	12	133,947,626	126,366,219
Insurance policies	13	124,176	125,463
Insurance policies - Annuities	14	4,000,000	4,400,000
AVC investments	15	1,349,500	1,812,125
Cash		-	280,641
		<u>139,421,302</u>	<u>132,984,448</u>
INVESTMENT LIABILITIES			
Other investment balances	16	<u>(10,982,069)</u>	<u>-</u>
TOTAL NET INVESTMENTS		<u>128,439,233</u>	<u>132,984,448</u>
CURRENT ASSETS	20	15,509,573	20,219,797
CURRENT LIABILITIES	21	<u>(395,850)</u>	<u>(609,498)</u>
TOTAL NET ASSETS AVAILABLE FOR BENEFITS		<u><u>143,552,956</u></u>	<u><u>152,594,747</u></u>

The accompanying notes on pages 22 to 35 form an integral part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations is dealt with in the Report on Actuarial Liabilities on page 14 of the Annual Report and these financial statements should be read in conjunction with this report.

These financial statements on pages 20 to 35 were approved by the Trustee on 22/7/2025 | 16:52 BST(date)

Signed on behalf of the Trustee

Signed by:

Duncan Revolta

6501F2A595B348B.....

Trustee Director

Signed by:

Jane Kola

7888BD78B8F54CC.....

Trustee Director

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2025

1. BASIS OF PREPARATION

The individual financial statements of the Crest Nicholson Group Pension and Life Assurance Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised June 2018) ('the SORP').

The financial statements have been prepared on the going concern basis of accounting.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is a defined benefit occupational pension scheme established as a trust under English law. The address for enquiries to the Scheme is Crest Nicholson Group Pension and Life Assurance Scheme, 500 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey KT15 2HJ.

3. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Scheme's Financial Statements.

(a) **Accounting Convention**

The financial statements are prepared on an accruals basis of accounting. The functional and presentational currency of the Scheme is Pounds Sterling.

(b) **Contributions**

Additional contributions from the employer are recognised on the due dates in accordance with the Schedule of Contributions.

(c) **Payments to Members**

Pensions in payment, including those funded by annuity contracts are accounted for in the period to which they relate.

Benefits payable include all valid benefit claims notified to the Trustee during the accounting period. Retirements are included in the financial statements based on the later of the date of retirement or the date the option form has been signed.

Individual transfers in or out are accounted for when the member liability is accepted or discharged which is normally when the transfer is paid or received.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits this is shown separately within benefits.

(d) **Expenses**

Expenses are accounted for on an accruals basis. The Scheme bears all the costs of administration.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

3. ACCOUNTING POLICIES (continued)

(e) *Investment Income*

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Income arising on the underlying investments of accumulation funds is reflected within the change in market value.

Income from annuity policies is accounted for on an accruals basis.

(f) *Investments*

Investments are included at fair value as follows:

Unquoted securities are included at fair value estimated by the Trustee using appropriate valuation techniques.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

Annuities in the name of the Scheme have been valued by the Scheme Actuary at the present value of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

Insurance policies, held for individual members in respect of historic money purchase transfers in, are valued by the provider.

AVC investments are stated at values at the reporting date as advised by the investment managers.

Investment management expenses that are inherent in the calculation of unit prices are not separately identified.

(g) *Foreign Currency Translation*

Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated into sterling, the Scheme's functional and presentational currency, using the closing exchange rates at the year-end.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

3. ACCOUNTING POLICIES (continued)

(h) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within the accounting policies above and within notes 14 and 16. The Trustee has not made any critical judgments in applying the accounting policies.

4. CONTRIBUTIONS	2025 £	2024 £
Employer contributions		
Additional	<u>750,000</u>	<u>1,500,000</u>

Under the Schedule of Contributions certified on 15 February 2022, the Employer was required to pay additional contributions of £125,000 monthly until 30 April 2025. The Trustee and the Employer also agreed that should the Scheme be:

- at least 95% funded on the Secondary Funding Basis for a period of 3 consecutive months (measured at the end of each month) then Crest Nicholson plc would have the option to pay any remaining contributions (as set out above) to an escrow account, or
- at least 101% funded on the Secondary Funding Basis (allowing for any monies held in escrow) for a period of 3 consecutive months (measured at the end of each month) then Crest Nicholson plc would have the option to cease contributions, subject to discussion with the Trustee.

The Scheme reached the funding target of 101% in June 2024 and after discussions with the Employer, it was agreed that contributions would cease going forward.

5. BENEFITS PAID OR PAYABLE	2025 £	2024 £
Pensions	6,507,695	6,225,465
Commutation of pensions and lump sum retirement benefits	779,855	1,588,852
Purchase of annuities	468,595	-
Lump sum death benefits	(623)	2,374
Refunds of contributions on death	8,146	-
Taxation where lifetime or annual allowance exceeded	-	111,267
	<u>7,763,668</u>	<u>7,927,958</u>

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS	2025 £	2024 £
Individual transfers out to other schemes	11,177	825,554
Refund of contributions	(207)	-
	<u>10,970</u>	<u>825,554</u>
7. OTHER PAYMENTS	2025 £	2024 £
Ex Gratia payment	500	-
8. ADMINISTRATIVE EXPENSES	2025 £	2024 £
Administration	140,995	129,147
Secretarial fees	190,166	171,482
Actuarial fees	238,082	152,970
Legal fees	55,889	86,193
Trustee fees & expenses	39,471	36,957
Other professional fees	23,397	9,155
Investment advice	379,369	351,605
Audit fees	36,080	41,570
Levies	9,864	10,658
Miscellaneous expenses	1,013	1,258
	<u>1,114,326</u>	<u>990,995</u>
9. INVESTMENT INCOME	2025 £	2024 £
Income from pooled investment vehicles	5,626,509	12,341,212
Interest on cash deposits	81,379	64,883
Annuity income	608,762	593,078
	<u>6,316,650</u>	<u>12,999,173</u>
The significant year-on-year reduction in income from pooled investment is primarily due to a reduction in income from the Insight fixed income portfolio.		
10. INVESTMENT MANAGEMENT EXPENSES	2025 £	2024 £
Investment fees - rebates of fees	(58,664)	(91,434)
Investment fees - management & custody	5,416	1,947
	<u>(53,248)</u>	<u>(89,487)</u>

Notes: The rebates shown above were received from Insight during the year. The management and custody fees have increased as there are no longer BlackRock or Ruffer fees due, owing to the change in the investments.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

11. RECONCILIATION OF INVESTMENTS

	Value at 01.02.2024 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31.01.2025 £
Pooled investment vehicles	126,366,219	66,589,293	(52,028,185)	(6,979,701)	133,947,626
Insurance policies	125,463	-	(6,081)	4,794	124,176
Insurance policies - Annuities	4,400,000	-	-	(400,000)	4,000,000
AVC investments	1,812,125	-	(565,307)	102,682	1,349,500
	<u>132,703,807</u>	<u>66,589,293</u>	<u>(52,599,573)</u>	<u>(7,272,225)</u>	<u>139,421,302</u>
Cash in transit	280,641				-
Other investment balances	-				<u>(10,982,069)</u>
	<u>132,984,448</u>				<u>128,439,233</u>

The change in market value of investments during the Scheme year comprises all increases and decreases in the value of investments held during the Scheme year.

Included in purchases and sales during the year were £29.5m of switches within the Insight portfolio.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. There were no direct transaction costs incurred during the Scheme year.

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

12. POOLED INVESTMENT VEHICLES

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2025 £	2024 £
Equities	-	2,672,666
Bonds	65,183,595	63,868,908
Alternatives*	32,426	2,301,454
Liability Driven Investments (LDI)	48,600,473	57,523,191
Cash	<u>20,131,132</u>	<u>-</u>
	<u>133,947,626</u>	<u>126,366,219</u>

* Includes multi asset strategy and absolute return funds.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

13. INSURANCE POLICIES

	2025	2024
The Scheme held insurance policies at the year-end as follows:	£	£
MPP - insurance policy	<u>124,176</u>	<u>125,463</u>

The Scheme holds an insurance policy in respect of historic money purchase transfers in, in relation to GMP amounts transferred in for certain members. This policy was issued and valued by The Prudential Assurance Company Limited.

For the year ended 2025, the final bonus of £66,850.27 has been included in the value shown above, in line with the Pensions SORP.

14. INSURANCE POLICIES - ANNUITIES

	2025	2024
The Scheme held annuity insurance policies at the year-end as follows:	£	£
Annuities	<u>4,000,000</u>	<u>4,400,000</u>

Certain pensions in payment are covered by annuities held by the Trustee with The Prudential Assurance Company Limited and Rothesay Life plc. These policies specifically provide for the payment of benefits under the Scheme to those members and remain the assets of the Trustee. The key assumptions used to value the insured annuity policies, based on market conditions as at 31 January 2025, are summarised in the table below.

Key assumptions	31 January 2025	31 January 2024
Discount rate – post-retirement	5.45% p.a.	4.94% p.a.
Price inflation – RPI	3.60% p.a.	3.48% p.a.
Pension increases - post-retirement		
• Pension accrued before 6 April 1997	3.00% p.a.	3.00% p.a.
• Pension accrued after 5 April 1997	3.38% p.a.	3.29% p.a.
Post-retirement mortality	S3PA Light base tables projected in line with the CMI_2022 model with an initial addition of 0.3%, a long term improvement rate of 1.6% p.a. and a 2022 weighting of 25%	S3PA Light base tables projected in line with the CMI_2020 model with an initial addition of 0.5%, a long term improvement rate of 1.5% p.a. and a 2020 weighting of 0%

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

15. AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund investments to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to the year-end confirming the value of their fund and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2025	2024
	£	£
Prudential (With Profits)	924,102	1,358,644
Prudential (Deposit AVCs)	2,516	2,394
Prudential (Unit linked)	375,725	397,580
Phoenix Life (Insurance policy)	-	12,853
Prudential - ex Scottish Amicable (unit linked)	47,157	40,654
	<u>1,349,500</u>	<u>1,812,125</u>

16. OTHER INVESTMENT BALANCES

	2025	2024
	£	£
Amounts due to broker	<u>(10,982,069)</u>	<u>-</u>

17. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

	At 31 January 2025			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	127,886,422	6,061,204	133,947,626
Insurance policies – Annuities	-	-	4,000,000	4,000,000
Insurance policies	-	-	124,176	124,176
AVC investments	-	425,398	924,102	1,349,500
Other investment balances	<u>(10,982,069)</u>	<u>-</u>	<u>-</u>	<u>(10,982,069)</u>
	<u>(10,982,069)</u>	<u>128,311,820</u>	<u>11,109,482</u>	<u>128,439,233</u>

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

17. FAIR VALUE DETERMINATION (continued)

	At 31 January 2024			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	118,399,658	7,966,561	126,366,219
Insurance policies – Annuities	-	-	4,400,000	4,400,000
Insurance policies	-	-	125,463	125,463
AVC investments	-	453,481	1,358,644	1,812,125
Cash	280,641	-	-	280,641
	<u>280,641</u>	<u>118,853,139</u>	<u>13,850,668</u>	<u>132,984,448</u>

18. INVESTMENT RISK DISCLOSURES

When deciding how to invest the Scheme's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

FRS 102 requires disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determined the Scheme's investment strategy after obtaining written professional advice from its professional investment adviser. The Scheme has exposure to the aforementioned risks because of the investments held to implement the investment strategy. The Trustee manages investment risks, including credit risk and market risk, considering the Scheme's investment objectives and strategy, and the advice of its investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Scheme's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

18. INVESTMENT RISK DISCLOSURES (continued)

The table below summarises the Scheme's investments that have significant exposure to indirect credit and market risks.

Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	31 Jan 25 £m	31 Jan 24 £m
Ruffer Global – Absolute Return	●	●	●	●	-	2.3
LGIM Global Equity	○	●	○	●	-	2.7
Insight Global ABS	●	○	○	●	23.0	19.7
Insight LDI Enhanced Selection Longer Nominal	●	○	●	○	12.6	14.8
Insight LDI Enhanced Selection Longer Real	●	○	●	●	15.4	16.4
Insight LDI Enhanced Selection Shorter Nominal	●	○	●	○	3.3	0.9
Insight LDI Enhanced Selection Shorter Real	●	○	●	●	4.2	11.7
Insight Liquidity Plus Fund	○	○	○	○	13.1	13.8
LGIM Sterling Liquidity Fund	○	○	○	○	20.1	-
Insight Buy and Maintain Bond Fund	●	○	●	○	36.1	36.3
Alcentra Direct Lending	●	○	○	○	6.0	7.9
BlueCrest	○	○	○	●	-	-
Total					133.9	126.4

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (○).

Source: Investment managers and Trustee. Numbers may not sum due to rounding.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

18. INVESTMENT RISK DISCLOSURES (continued)

Further information on these risks and the Trustee's approach to risk management is set out below. This does not include the with-profit insurance policy or AVC investments, as these are not considered significant in relation to the overall investments of the Scheme.

Credit risk

The Scheme is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds and to the credit risk of the insurance company for any pooled vehicles structured as life policies. The Scheme's bulk annuity policy is also directly exposed to the solvency of the insurer.

As at 31 January 2025 around 75% (2024: 87%) of the Scheme's assets were invested in funds or securities that are significantly exposed to credit risk.

Pooled Investment Arrangements

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

The Scheme's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Scheme's investments across a number of pooled funds. The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds. The Trustee also carries out due diligence checks on new appointments of investment managers and custodians for sole investor arrangements and on an ongoing basis monitors any changes to the operating environment of these entities.

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk (as at 31 January 2025) arises from the Scheme's investments with Insight (Global ABS), Insight (LDI portfolio), Insight (Buy and Maintain) and Alcentra. The amount invested in each of these mandates is shown in the Statement of Net Assets.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

There is also direct credit risk associated with the Scheme's insured bulk annuity with Prudential Assurance Company Limited, which the Trustee considered before the policy was taken out. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

18. INVESTMENT RISK DISCLOSURES (continued)

Currency risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk. All of the Scheme's pooled funds are accessed via a Sterling share class. Therefore, the Scheme is not subject to direct currency risk.

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. However, all the overseas investments of the Scheme have the currency exposure associated with them hedged back to Sterling. There is therefore no remaining investment of the Scheme which has indirect exposure to currency risk.

All of the Scheme's pooled funds are accessed via a Sterling share class. Therefore, the Scheme is not subject to direct currency risk.

As at 31 January 2025, around 0% (2024: 4%) of the Scheme's assets were invested in funds or securities that are significantly exposed to currency risk.

Interest rate and inflation rate risk

Interest rate risk and inflation risk is a material risk for the Scheme given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Scheme's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The Scheme's assets with material exposure to changes in interest rates (as at 31 January 2025) are invested with Insight (within the LDI and Buy & Maintain portfolios). The amount invested in this of these mandates is shown in the Statement of Net Assets.

As at 31 January 2025, around 53% (2024: 65%) of the Scheme's assets were invested in funds or securities that are significantly exposed to interest rate and/or inflation risk.

Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the Scheme as a whole as well as each individual portfolio. The Trustee believes that the Scheme's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

The exposure to other price risk within the multi-asset mandates will vary over time depending on how the managers change the underlying asset allocation to reflect their market views.

The Scheme's assets with material exposure to other price risk (as at 31 January 2025) are invested with Insight (within the Global ABS and Real LDI mandates). The amount invested in each of these mandates is shown in the Statement of Net Assets.

As at 31 January 2025 around 32% (2024: 42%) of the Scheme's assets were invested in funds or securities that are significantly exposed to other price risk.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

18. INVESTMENT RISK DISCLOSURES (continued)

Legal types of pooled investment vehicles

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

All the Scheme assets are invested in pooled investment vehicles and as such the Scheme does not directly own the underlying assets.

A summary of the type of pooled investment vehicle arrangements as at 31 January 2025 is as follows:

Fund	Fund vehicle	Value 2025	Value 2024
Ruffer Global – Absolute Return	UK OEIC	-	£2,269,028
LGIM Sterling Liquidity Fund	ICAV	£20,131,132	-
LGIM Global Equity	Unit-linked life insurance policy UK	-	£2,672,666
Insight Global ABS	ICAV	£23,031,023	£19,683,151
Insight LDI Enhanced Selection Longer Nominal	ICAV	£12,615,807	£14,757,687
Insight LDI Enhanced Selection Longer Real	ICAV	£15,434,030	£16,404,059
Insight LDI Enhanced Selection Shorter Nominal	ICAV	£3,281,419	£850,926
Insight LDI Enhanced Selection Shorter Real	ICAV	£4,209,372	£11,743,098
Insight Liquidity Plus	ICAV	£13,059,845	£13,767,421
Insight Buy and Maintain Corporate Bonds	ICAV	£36,123,794	£36,251,623
Alcentra	Luxembourg Limited Partnership	£6,028,778	£7,934,134
BlueCrest*	N/A	£32,426	£32,426
Total		£133,947,626	£126,366,219

All of the above funds are registered in the UK with the exception of Alcentra which is registered in Luxembourg.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

18. INVESTMENT RISK DISCLOSURES (continued)

Legal types of pooled investment vehicles (continued)

*BlueCrest closed to external investors as of 31 December 2015 at which point investors in the AllBlue Fund became interest creditors. The custodian information is not applicable. The share registry is held by the administrator, GlobeOp.

- UK OEIC ("Open Ended Investment Company")
- ICAV ("Irish Collective Asset Management Vehicle")

Many fund structures (such as OEICs and ICAVs) are a type of UCITS ("Undertakings for Collective Investment in Transferable Securities"). UCITS standards offer investors a number of protections, for example, these funds are subject to rules on the types of assets that they can invest in, diversification, liquidity, valuation, risk management, oversight and safekeeping of assets, and the fund information that is made available to investors.

19. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Scheme:

	2025		2024	
	£	%	£	%
Insight Buy & Maintain Corporate Bonds	36,123,794	25.2	36,251,623	23.8
Insight Global ABS	23,031,023	16.0	19,683,151	12.9
Insight LDI Enhanced Selection Longer Real	15,434,030	10.8	16,404,059	10.8
Insight LDI Enhanced Selection Longer Nominal	12,615,807	8.8	14,757,687	9.7
Insight Liquidity Plus	13,059,845	9.1	13,767,421	9.0
LDI Enhanced Selection Shorter Real	n/a	<5%	11,743,098	7.7
Alcentra European Direct Lending Fund III	n/a	<5%	7,934,134	5.2
LGIM Sterling Liquidity	20,131,132	14.0	-	-

20. CURRENT ASSETS

	2025	2024
	£	£
Bank balance	15,509,573	20,219,797

Note: The bank balance as at 31 January 2025 contained a disinvestment received close to the year end as detailed on page 8.

21. CURRENT LIABILITIES

	2025	2024
	£	£
Unpaid benefits	1,517	262,142
Accrued expenses	267,455	258,354
Tax payable	103,793	89,002
Annuities received in advance	23,085	-
	<u>395,850</u>	<u>609,498</u>

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2025

22. EMPLOYER-RELATED INVESTMENTS

The Scheme's investments are invested in accordance with the employer-related investment regulations. As all of the investments made are via pooled vehicles, it is possible for the Scheme to have had indirect exposure to the Employer, but the nature of pooled investments means that the Trustee has no influence on this decision.

As at 31 January 2025, the Scheme did not hold any direct or indirect employer related investments (2024: Nil), within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

23. RELATED PARTIES

Key management personnel to the Scheme

Jeremy Fry was a pensioner member of the Scheme during the Scheme year and at the Scheme year end. All Scheme benefits are paid within normal Scheme rules.

Other related parties

The Scheme reimburses the Principal Employer for secretarial support and Trustee fees and these are included in note 8 on page 25.

24. TAXATION STATUS

The Scheme is a registered pension scheme within the meaning of Section 153 of the Finance Act 2004.

25. GMP EQUALISATION

On 20 November 2020, the High Court handed down a further judgment on the Guaranteed Minimum Pension (GMP) equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee is now, reviewing, with its advisers, the implication of this ruling on the Scheme and the equalisation of guaranteed minimum pensions between men and women, in the context of the rules of the Scheme and the value of any liability. An initial assessment of the total liability impact (including backpay) is approximately 1% of Scheme liabilities. As soon as this review is finalised and any liability quantified, then members will be communicated with.

26. CONTINGENT LIABILITY

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. On 5 June 2025, the UK Government announced that it will address the issues caused by Virgin Media Ltd v NTL Pension Trustees II by introducing legislation to permit retrospective actuarial confirmation of benefit changes. The Trustee will investigate the possible implications with their advisers but, it is not possible at present to estimate the potential impact, if any, on the Scheme.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

Independent auditors' statement about contributions to the Trustee of Crest Nicholson Group Pension and Life Assurance Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable under the Schedule of Contributions for the Scheme year ended 31 January 2025 as reported in Crest Nicholson Group Pension and Life Assurance Scheme's summary of contributions have, in all material respects, been paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 15 February 2022.

We have examined Crest Nicholson Group Pension and Life Assurance Scheme's summary of contributions for the Scheme year ended 31 January 2025 which is set out on the following page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the Schedule of Contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

Date: 23/7/25

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

Trustee’s responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, the Schedule of Contributions showing the rates of contributions payable to the Scheme by or on behalf of the Employers and any active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the Schedule of Contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Contributions payable during the year

During the year, the contributions paid to the Scheme by the Employer under the Schedule of Contributions were as follows:

	£
Employer additional contributions	<u>750,000</u>
Reconciliation to the financial statements:	
Contributions paid under the Schedule of Contributions	<u><u>750,000</u></u>

All contributions were paid in accordance with the Schedule of Contributions in force during the year.

This summary was approved by the Trustee on 22/7/2025 | 16:52 BST (date)

Signed on behalf of the Trustee

Signed by:
Duncan Revolta
6501F2A595B348B...
Trustee Director

Signed by:
Jane Kola
7888BD78B8F54CC...
Trustee Director

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

IMPLEMENTATION STATEMENT

Covering the Scheme Year from 1 February 2023 to 31 January 2024

The Trustee of the Crest Nicholson Group Pension & Life Assurance 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 Sections 1 and 2 below.

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

<https://www.gov.uk/government/consultations/climate-and-investment-reporting-setting-expectations-and-empowering-savers/outcome/reporting-on-stewardship-and-other-topics-through-the-statement-of-investment-principles-and-the-implementation-statement-statutory-and-non-statutory>

1. Introduction

The SIP was reviewed and updated during the Scheme Year in November 2024. This included updates to reflect changes to the Scheme's investment strategy over the Scheme Year. No changes to the voting and engagement policies were made as part of this review. The Trustee last formally reviewed the voting and engagement policies in June 2023. 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.

2. Voting and engagement

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

<https://cms.lgim.com/globalassets/lgim/document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf>

Ruffer: Responsible investment policy

<https://www.ruffer.co.uk/-/media/ruffer-website/files/downloads/esg/ruffer-ri-policy.pdf>

Alcentra: Responsible investment policy

<https://www.alcentra.com/assets/filemanager/documents/Alcentra-Responsible-Investment-Policy-20241024.pdf>

However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers 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 the prior Scheme Year, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustee set the following priorities:

- Corporate Transparency; and
- Business Ethics.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

IMPLEMENTATION STATEMENT (continued)

2. Voting and engagement (continued)

At the May 2024 Trustee meeting, the Trustee received training on how systemic risks (including climate change) could impact the Scheme. It was noted that engagement (with investment managers, company boards and policymakers) is the key means by which to address systemic risks.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore the Trustee 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 on an annual basis.

Voting data has wherever possible been included in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, for the Scheme's funds that hold equities as follows:

- LGIM Low Carbon Transition Global Equity Index Fund
- Ruffer Absolute Return Fund

Please note that LGIM were only able to provide data to for the period 1 January 2024 to 31 December 2024, as the manager only collates fund-level voting statistics to quarter-end dates. Ruffer has provided data for the one-year period to 22 January 2025, which is the date the Trustee fully redeemed from the Ruffer fund.

The Trustee has also included commentary on the Alcentra European Direct Lending Fund III, provided by Alcentra, which invests in assets that had some limited voting opportunities during the period. However, Alcentra is unable to provide specific voting examples or voting data for inclusion in the Scheme's Implementation Statement. Any holdings in the Alcentra fund with voting rights attached to them form a de minimis proportion of the Scheme's total assets, so the Trustee has not taken additional steps to try and obtain the missing voting data for Alcentra.

The Trustee has not included commentary on the following funds that the Scheme invested in during the period, which do not hold listed equities, where there are either no voting opportunities, voting information is not available or the fund is omitted on materiality grounds as any holdings with voting rights attached to them form a de minimis proportion of the Scheme's total assets:

- Insight LDI Enhanced Selection Longer Nominal Fund
- Insight LDI Enhanced Selection Longer Real Fund
- Insight LDI Enhanced Selection Shorter Nominal Fund
- Insight LDI Enhanced Selection Shorter Real Fund
- Insight Liquidity Plus Fund
- Insight Global ABS Fund
- Insight Buy and Maintain Corporate Bonds
- LGIM Sterling Liquidity Fund
- BlueCrest AllBlue Limited

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

IMPLEMENTATION STATEMENT (continued)

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.

The managers' policies on voting are provided in this section. In all cases, the wording provided accords with the Trustee's understanding of the management of the funds and the managers' policies on stewardship, which the Trustee considers when appointing new managers and periodically thereafter.

Ruffer was not aware of any conflicts of interest present in their voting structure over the year.

LGIM identified several conflicts which may arise, detailed in LGIM's latest conflicts of interest policy:

<https://www.lgim.com/landg-assets/lgim/document-library/capabilities/conflicts-of-interest.pdf>

3.1.1 LGIM

LGIM provided the following wording to describe its voting practices:

"All decisions are made by LGIM's Investment Stewardship team and in accordance with [their] relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which is 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. This ensures [their] 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] use ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and [they] do not outsource any part of the strategic decisions. [LGIM's] use of ISS recommendations is purely to augment [their] own research and proprietary ESG assessment tools. [LGIM] also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that [they] receive from ISS for UK companies when making specific voting decisions.

To ensure [LGIM's] proxy provider votes in accordance with [their] position on ESG, [LGIM] have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what [they] consider are minimum best practice standards which [they] believe all companies globally should observe, irrespective of local regulation or practice.

[LGIM] retain the ability in all markets to override any vote decisions, which are based on [their] custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows [LGIM] to apply a qualitative overlay to [their] voting judgement. [LGIM] have strict monitoring controls to ensure [their] votes are fully and effectively executed in accordance with [their] voting policies by [their] service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform [LGIM] of rejected votes which require further action."

3.1.2 Ruffer

Ruffer provided the following wording to describe its voting processes:

"[Ruffer] endeavour to instruct a vote on [their] total shareholding of the companies held within [their] flagship funds, and on other material holdings above a certain threshold. These securities are added to a mandatory list. Voting on companies not held within these funds is subject to materiality considerations. Exclusions include:

- *where clients or investors have retained the right to vote*
- *equity securities held on behalf of private clients that [Ruffer] do not manage*
- *markets which are subject to share blocking or alternative voting restrictions*

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

IMPLEMENTATION STATEMENT (continued)

3.1.2 Ruffer (continued)

Ruffer will instruct a vote on [Annual General Meeting] and [Extraordinary General Meeting] resolutions, including shareholder resolutions and corporate actions. This is applied to both domestic and international shares, reflecting the global nature of [their] investment approach. [Ruffer] try to vote on most holdings, but [they] retain discretion to not vote when it is in [their] clients' and investors' best interests.

[Ruffer] exercise voting rights on holdings in funds and client portfolios in line with Ruffer's voting guidelines unless [they] are explicitly instructed to take alternative action. [Ruffer] may facilitate clients' voting instructions on both segregated and pooled accounts, if [they] have sufficient administrative capacity and explicit client authorisation.

To ensure that [Ruffer] act in the best interests of [their] clients and investors, [they] review local best practices and corporate governance codes. Where companies do not comply with best practice, [Ruffer] consider their explanations before voting [on Ruffer's shares].

[Ruffer] have developed an integrated voting platform linked to proxy voting research, currently provided by Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues.

Although [Ruffer] acknowledge proxy advisers' voting recommendations, [they] generally do not delegate or outsource [their] voting decisions. Research Analysts are responsible for reviewing the relevant issues case by case and exercising their judgement, based on their in-depth knowledge of the company. They are supported by [Ruffer's] Responsible Investment team."

3.1.3 Alcentra

Alcentra provided the following wording to describe its voting practices:

"As a credit manager, proxy voting is not material within the context of [Alcentra's] activities. The number of occasions when Alcentra will be engaged in proxy voting will be limited. It is most likely to occur with high yield bond investments, where an allocation may take on formal voting rights. In such instances, Alcentra uses the opportunity to vote on matters concerning governance and corporate responsibility, applying consistent policies and processes for voting across all instruments and geographies.

Alcentra generally will not be called upon to vote proxies for its private credit investments because of the nature of the instruments involved in the investment strategy (i.e. loans rather than securities). An exception is when Alcentra may hold loan investments which could be converted to voting securities.

When it has voting responsibility, Alcentra will make every attempt to vote when given an opportunity to do so. However, there may be instances when the Firm is unable or unwilling to vote because of legal or operational difficulties or because it believes the administrative burden and/or associated cost exceeds the expected benefit to a client. Alcentra reviews the circumstances for each vote to determine which stance would best serve its clients and votes accordingly."

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

IMPLEMENTATION STATEMENT (continued)

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below¹.

	LGIM Low Carbon Transition Global Equity Index Fund	Ruffer Absolute Return Fund
Total size of fund at end of the Scheme Year	~£5,806m	~£2,587m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£0 (~£9.1m at point of disinvestment)	£0 (~£11.0m at point of disinvestment)
Number of equity holdings at end of the Scheme Year	2,719	117
Number of meetings eligible to vote	4,786	61
Number of resolutions eligible to vote	47,788	1,035
% of resolutions voted	100%	100%
Of the resolutions on which voted, % voted with management	80%	97%
Of the resolutions on which voted, % voted against management	19%	3%
Of the resolutions on which voted, % abstained from voting	1%	0%
Of the meetings in which the manager voted, % with at least one vote against management	62%	28%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11%	4%

¹ The voting data for LGIM covers the period 1 January 2024 to 31 December 2024, as the manager is only able to provide data at quarter-end dates. The voting data for Ruffer covers the period 23 January 2024 to 22 January 2025.

² The Trustee fully redeemed from the LGIM equities and Ruffer fund on 18 December 2024 and 22 January 2025 respectively. We have provided the value of the Scheme's holdings in the funds at the time of redemption.

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. 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 for creating this shortlist. By informing its managers of its stewardship priorities and through its 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 its behalf.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

IMPLEMENTATION STATEMENT (continued)

3.3 Most significant votes (continued)

The Trustee has interpreted "significant votes" to mean those deemed as most significant by the investment managers and which relate to the Trustee's stewardship priorities. The Trustee has not included all the votes identified as "most significant" by the managers, instead exercising judgement to select votes that align with the Trustee's stewardship priorities and avoids potential duplication. For example, where multiple votes regarding election of board members have been identified, the Trustee has included one to evidence the manager's policy, believing the other votes on the same topic to broadly cover the same ground as the first.

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

3.3.1 LGIM

Alphabet Inc, 7 June 2024.

- Summary of resolution: Elect director John L. Hennessy.
- Vote cast: Against resolution.
- Management recommendation: For resolution.
- Outcome of the vote: Resolution passed.
- Rationale for the voting decision: LGIM provided the following reasons for voting against this resolution:

LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background;

LGIM expects a company to have at least one-third women on the board;

LGIM expects the Chair of the Committee to have served on the board for no more than 15 years to maintain independence and a balance of relevant skills, experience, tenure, and background; and

LGIM supports the equitable structure of one-share-one-vote. LGIM expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

- Approximate size of the Scheme's mandates holding at the date of the vote: 1.5% of LGIM's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. LGIM provided the following commentary: *"LGIM will continue to engage with [its] investee companies, publicly advocate [its] position on this issue and monitor company and market-level progress."*

Walmart Inc, 5 June 2024.

- Summary of resolution: Establish a company compensation policy of paying a living wage.
- Vote cast: For resolution.
- Management recommendation: Against resolution.
- Outcome of the vote: Not passed
- Rationale for the voting decision: LGIM provided the following commentary: *"A vote in favour is applied as LGIM would encourage the company to establish a compensation policy that ensures employees earn a living wage. This is because paying a living wage may reduce the potential negative financial impacts that stem from low worker morale/poor health/absenteeism/presenteeism, high staff turnover etc."*
- Approximate size of the Scheme's mandates holding at the date of the vote: 0.4% of LGIM's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of business ethics.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. LGIM provided the following commentary: *"LGIM will continue to engage with [its] investee companies, publicly advocate [its] position on this issue and monitor company and market-level progress."*

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

IMPLEMENTATION STATEMENT (continued)

Vertex Pharmaceuticals Incorporated, 15 May 2024.

- Summary of resolution: Vote to reduce ownership threshold for shareholders to call special meetings
- Vote cast: For resolution.
- Management recommendation: Against resolution.
- Outcome of the vote: Resolution passed.
- Rationale for the voting decision: LGIM provided the following commentary: *"Shareholder Resolution - Shareholder rights: A vote in favour is applied as the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold."*
- Approximate size of the Scheme's mandates holding at the date of the vote: 0.2% of LGIM's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. LGIM provided the following commentary: *"LGIM will continue to engage with [its] investee companies, publicly advocate [its] position on this issue and monitor company and market-level progress."*

3.3.2 Ruffer

Amazon, 22 May 2024.

- Summary of resolution: Request to report on human rights violations.
- Vote cast: For resolution.
- Management recommendation: Against resolution.
- Outcome of the vote: Not passed.
- Rationale for the voting decision: Ruffer provided the following commentary: *"[Ruffer] voted in favour of a shareholders resolution requesting the Board of Directors to commission an independent third-party report, assessing Amazon's customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations. [Ruffer's] support for the resolution is based on the belief that such a report may highlight some concerning issues that may protect Amazon from future reputational damage"*.
- Approximate size of the Scheme's mandates holding at the date of the vote: 0.6% of Ruffer's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of business ethics.
- Outcome and next steps: The outcome was not in line with the manager's vote. Ruffer provided the following commentary: *"We will continue to engage with the company and may seek to engage if no progress is seen"*.

ExxonMobil, 29 May 2024.

- Summary of resolution: Request to report on gender/racial pay gaps.
- Vote cast: For resolution.
- Management recommendation: Against resolution.
- Outcome of the vote: Not passed.
- Rationale for the voting decision: Ruffer provided the following commentary: *"[Ruffer] voted in favour of a shareholder resolution requesting a report on median gender/racial pay gaps. [Ruffer] believe publishing the unadjusted pay gap statistic could increase accountability for diversity, inclusion and equity may provide shareholders with useful information about how effectively management is assessing and mitigating risks related to its employees. Median and adjusted gender/ethnicity/disability pay gap reporting is best practice and is a regulatory requirement in the UK. Therefore, [Ruffer] voted in favour of this proposal"*.
- Approximate size of the Scheme's mandates holding at the date of the vote: 0.2% of Ruffer's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was not in line with the manager's vote. Ruffer provided the following commentary: *"We will continue to engage with the company and may seek to engage if no progress is seen"*.

CREST NICHOLSON GROUP PENSION AND LIFE ASSURANCE SCHEME

IMPLEMENTATION STATEMENT (continued)

3.3.2 Ruffer (continued)

Banco Santander SA, 21 March 2024.

- Summary of resolution: Vote to approve a 5% uplift in senior management compensation.
- Vote cast: For resolution.
- Management recommendation: For resolution.
- Outcome of the vote: Resolution passed.
- Rationale for the voting decision: Ruffer provided the following commentary: *"Santander proposed a 5% pay uplift in the base salary of its CEO and Executive Chair. [Ruffer] voted to approve the remuneration policy, despite ISS's recommendation to vote against, as [Ruffer] believe the uplift is not material. In fact, [Ruffer] find that this uplift may reflect an attempt to catch up with the industry peers. Although ISS flagged the potential for the policy to exacerbate existing pay-for-performance concerns, [Ruffer] believe the remuneration policy is sensible, and the pay increase is not a large enough to relinquish [its] support of management"*.
- Approximate size of the Scheme's mandates holding at the date of the vote: 0.2% of Ruffer's portfolio.
- The reason the Trustee considered this vote to be "most significant": Relates to the Trustee's stewardship priority of corporate transparency.
- Outcome and next steps: The outcome of the vote was in line with the manager's vote. Ruffer provided the following commentary: *"We will continue to monitor company performance to ensure the remuneration policy is appropriate"*.