

## Implementation Statement for the year ending 30 June 2023

### Statement of Compliance with the Pension and Assurance Scheme of the Land Securities Group of Companies Stewardship Policy for the year ending 30 June 2023.

#### Introduction

This is the Trustee's statement prepared in accordance with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme's Stewardship Policy during the period from 1 July 2022 to 30 June 2023. This Implementation Statement is in respect of the Scheme's Statement of Investment Principles (SIP) that was in place as at 30 June 2023.

During the year to 30 June 2023, all investments in the LGIM Future World Global Equity Index, M&G Credit Opportunity IV Fund and Columbia Threadneedle Sterling Corporate Bond Fund were redeemed and the final section of the Scheme entered into a buy-in contract covering all liabilities. As at 30 June 2023 all of the Scheme's assets were held in insurance contracts or in cash via the LGIM Sterling Liquidity Fund.

#### Stewardship policy

The Trustee Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme's assets which includes the Trustee approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Scheme's Stewardship Policy, which was completed on 14 August 2020, is reviewed on an annual basis in line with the Scheme's SIP. The most relevant SIP for this review was completed on 15 July 2021, however an updated version of the SIP was completed post year-end on 13 July 2023.

The following changes were made to the Stewardship Policy during the year:

- The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement by and with investment managers and the monitoring of compliance with agreed policies. The Trustee expects the investment managers to comply with the 2020 UK Stewardship Code.
- Responsibility for investment decisions has been delegated to the investment managers which includes consideration of the capital structure of investments and the appropriateness of any investment made. Where managers are responsible for investing in new issuance, the Trustee expects the manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors; and
- The Trustee separately considers any conflicts of interest arising in the management of the Scheme and its investments and has ensured that each manager has an appropriate conflicts of interest policy in place.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustee believes it is important that its investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustee's own engagement activity is focused on its dialogue with its investment managers which is undertaken in conjunction with its investment advisers. The Trustee meets regularly with its managers and the

Trustee considers managers exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis and is satisfied that it has complied with the Scheme's Stewardship Policy over the last year. The Trustee has received and will continue to receive regular training on Environmental, Social & Governance (ESG) issues including climate change.

### Investment managers

The Trustee has appointed the following investment manager to manage the Scheme's assets. The manager is a signatory to the UN PRI (Principles for Responsible Investment) and their Strategy & Governance ratings are shown in the table below.

Manager	PRI Ratings (2022)
LGIM	A+

LGIM actively engage in climate issues and has an explicit climate impact pledge to support companies to limit carbon emissions to net zero by 2050. LGIM are also a Tier 1 signatory of the 2012 Stewardship Code, which is relevant for equity mandates.

### Voting activity

The Trustee expects its managers to use their voting rights on all material issues and monitors investment managers' voting on particular companies or issues that affect more than one company.

Over the year to 30 June 2023, the Scheme was Invested in the Future World Global Equity Index and LGIM has reported on how votes were cast in this fund as set out in the table below. Please note that holdings within the Future World Global Equity Index Fund were sold down on 24 October 2022.

LGIM Future World Global Equity Index Fund	12-months to 30/06/23
Target proportion of Scheme's assets (excluding buy-ins)	0%
No. of meetings eligible to vote at during the year	4872
No. of resolutions eligible to vote on during the year	51,468
% of resolutions voted	99.9%
% of resolutions voted with management	80.8%
% of resolutions voted against management	18.7%
% of resolutions abstained	0.6%
% of meetings with at least one vote against management	62.5%

The resolutions which LGIM voted against management the most on over the Scheme year were mainly in relation to Boards of Directors, Climate Change and Remuneration.

### Significant votes

The Trustee has asked LGIM to report on significant votes cast within the Scheme's equity fund. They were asked to explain the reasons why votes identified were significant, how they voted, any engagement it had undertaken with the company and the outcome of the vote. From the manager report, the Trustee has identified the following four votes as being of greater relevance to the Scheme:

Date	Company	Subject (theme and summary)	Manager's vote and rationale
22/06/2023	NVIDIA Corporation	Resolution 1i – Elect Director Stephen C. Neal	<p>LGIM voted against the resolution (against management)</p> <p>LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p> <p>Rationale for decision: 1. Diversity - A vote against is applied as LGIM expects a company to have at least one-third women on the board. 2. Average board tenure - A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p> <p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>
24/05/2023	Amazon.com Inc.	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	<p>LGIM voted for the resolution (against management)</p> <p>LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.</p> <p>Rationale for decision: LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p> <p>71% of shareholders did not support the resolution.</p> <p>LGIM will continue to engage with the company and monitor progress.</p>
02/06/2023	Alphabet Inc.	Resolution 18 – Approve Recapitalisation Plan for all Stock to Have One-vote per Share	<p>LGIM voted against the resolution (against management).</p> <p>LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p>

			<p>Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.</p> <p>69.3% of shareholders did not support the resolution.</p> <p>LGIM will continue to engage with its investee companies, publicly advocate their position on this issue and monitor company and market-level progress. LGIM pre-declared its vote intention for this resolution, demonstrating its significance.</p>
16/05/2023	JPMorgan Chase & Co.	Resolution 9 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	<p>LGIM voted for the resolution (against management).</p> <p>LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.</p> <p>LGIM generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.</p> <p>65.2% of shareholders did not support the resolution.</p> <p>LGIM will continue to engage with the company and monitor progress.</p>

### Engagement activity

The Trustee receives information at least annually on their managers' engagement activity. The following summarises the key engagement activity for the 12-month period ending 30 June 2023 provided by the respective managers.

### LGIM

At a firm-wide level, LGIM had 1133 engagements with 6993 companies over the period through a combination of face-to-face meetings, conference calls, emails and letters. The number of engagements in the areas of environment, social and governance is shown below. Remuneration, ethnic diversity and climate change were the top three topics of engagement.

Number of engagements	Area or topic engaged on
506	Governance
327	Social

608	Environment
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### Columbia Threadneedle

For the Sterling Corporate Bond Fund, Threadneedle had 24 engagements with 13 companies over the period predominantly through active private engagement on specific issues. The top four topics of engagement are shown in the table below. Please note that holdings within the Sterling Corporate Bond Fund were sold down on 12 April 2023.

Engagement by Issue	% of total enegements
Climate Change	33%
Environmental Standards	22%
Business Conduct	2%
Human Rights	11%
Labour Standards	13%
Public Health	4%
Corporate Governance	15%

Two examples of Threadneedle's engagement with companies are set out below:

#### Phillips 66

##### Engagement action

- Engaged with Phillips 66, a major refiner of oil products, as part of their Climate Action 100+ project
- Phillips 66 set emissions targets to reduce Scope 3 emissions by 15% by 2030 and Scope 1 and 2 operational emissions by 50% by 2050.
- Columbia Threadneedle engaged with the company on the underlying assumptions and drivers behind their strategy, highlighting that their assumptions for renewable energy availability and cost advantages in particular felt unrealistic to the downside and there are greater opportunities for decarbonising their operations.

##### Verdict

- The company has been open to engagement and have had good access to their experts and senior management.
- Columbia Threadneedle support the actions the company have taken to link quantitative emissions reductions to remuneration, to replace current qualitative measures, but are waiting to have emissions reductions projects and reporting frameworks in place first. The company's progress on its energy transition will remain a focus of engagement with them.

#### Daiseki

##### Engagement action

- At a meeting with the company's President, Columbia Threadneedle discussed the company's emissions disclosures, where management highlighted that they were considering scope 3 disclosures.
- The company flagged ongoing challenges to a net-zero ambition.

- The Columbia Threadneedle team again engaged with the company, focusing on climate action and gender diversity. Specifically, the team flagged that without significant investment in low carbon technologies, they question the company's ability to meet their climate goals.

**Verdict**

- In a follow up to the engagement, Columbia Threadneedle highlighted potential solutions and industry standards, including the use of alternative fuels in their fleet fuel mix.
- The team encouraged the Company to continue its programme to understand where it can reduce emissions and to set a science-based reduction target.

**M&G**

M&G has worked with issuers and arrangers across a range of ESG themes over the reporting year. Two examples of M&G's engagement with companies are set out below:

**Vita Scientia CMBS**

**Engagement objective**

- To obtain better disclosure on the environmental factors affected by the operations of the assets, largely around EPC certificates and energy usage.

**Action and verdict**

- Engagement focussed on seeking further disclosure around the underlying portfolio's EPC certificates and energy usage. M&G asked to be provided with additional information such as the kilowatt per hour per square metre for 6 of the 8 buildings where details were absent and asked if there were any other channels where M&G can obtain detailed EPC reports or energy usage for those buildings.
- M&G initiated verbal and written correspondence with the arranger, addressing questions raised by both the credit analyst as well as those from the Impact Review.
- Engagement allowed investors to become more comfortable from both an 'energy efficiency' perspective and a general environmental perspective which in turn resulted in a more informed investment decision.

**Frost CMBS 2021 - 1**

**Engagement objective**

- To obtain better disclosure on the environmental factors affected by the operations of the assets.

**Action and verdict**

- During M&G's credit analysis and alongside an Impact Review carried out by M&G's Impact Analysis team, more information was requested on how the assets were categorised as more energy efficient when compared with dry conventional industrial warehousing buildings, EPCs, details on low carbon/renewable technology, future expansion plans and any Environmental Impact Assessments undertaken at the time of build, amongst other factors.
- M&G initiated verbal and written correspondence with the arranger, addressing questions raised by both the credit analyst as well as those from the Impact Review.
- Good dissemination of information which allowed investors to become more comfortable from both an 'energy efficiency' as well a general environmental perspective which in turn resulted in a more informed investment decision

**Use of a proxy adviser**

The Trustees' investment managers have made use of the services of the following proxy voting advisors over the Scheme year. LGIM note they use the proxy advisor to cast votes electronically, but votes are determined in line with LGIM's own voting policies.

Manager	Proxy Advisor used
LGIM	ISS

### Summary

All of the Scheme's managers are signed up to the PRI and the Trustee is satisfied that they are implementing the Trustee's stewardship policy on its behalf. The Trustee will continue to seek improvement in its understanding of how its managers engage with companies and use its influence to drive positive change.