

LSR Pension Scheme Implementation Statement Year Ending 31 December 2021

Glossary

| | |
|--------------------|--|
| DGF | Diversified Growth Fund |
| ESG | Environmental, Social and Governance |
| Investment Adviser | First Actuarial LLP |
| LGIM | Legal & General Investment Management |
| Scheme | LSR Pension Scheme |
| Scheme Year | 1 January 2021 to 31 December 2021 |
| Schroders | Schroder Investment Management Limited |
| SIP | Statement of Investment Principles |
| UNPRI | United Nations Principles for Responsible Investment |

Introduction

The Trustee has reviewed the extent to which its policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme's investment managers and provides information on the significant votes made in respect of the Trustee's equity holdings. Information is also provided on the how the Scheme's investment managers make use of the services of proxy voting advisers.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote. At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- LGIM Diversified Fund
- LGIM UK Equity Index Fund
- Schroder Life Diversified Growth Fund
- Schroder Prime UK Equity Fund

The Trustee's Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustee's policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP.

A summary of the Trustee's policy in relation to the exercise of the rights (including voting rights) attaching to the investments is as follows:

- In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest in pooled funds and cannot therefore directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest.
- The Trustee excludes non-financial matters in the selection, retention, and realisation of investments.
- The Trustee has no formal policy on either ESG or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment managers, who will from time to time report on their current and future actions in these areas.
- As the Trustee uses pooled funds, their asset managers are not incentivised to align their investment strategy and decisions with the Trustee's policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance.
- As the Trustee uses pooled funds, they do not need to have an engagement policy in relation to monitoring the capital structure of companies they invest in, or any associated potential conflicts of interest.
- From 1 October 2020 the Trustee will publish their SIP online for general public access.
- In addition, from 1 October 2021, the Trustee will publish annually online an engagement policy implementation statement that outlines how the various requirements have been followed during the year and describes the voting behaviours of the asset managers on their behalf.

Has the Policy Been Followed During the Scheme Year?

The Trustee's opinion is that its policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- The Trustee continues to have no formal policy on either ESG or delegation of voting rights.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustee did not select any new funds during the period.
- Since the end of the Scheme Year, analysis of the voting records of the investment managers based on the period ending 31 December 2021 has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- The investment managers used by the Scheme are UNPRI signatories.

The Investment Managers' Voting Record

A summary of the investment managers' voting records is shown in the table below.

| Investment Manager | Number of votes | Split of votes: | | |
|--------------------|-----------------|-----------------|---------|------------------------------------|
| | | For | Against | Did not vote/ abstained / withheld |
| LGIM | 140,000 | 78% | 21% | 1% |
| Schroders | 7,400 | 89% | 10% | 1% |

Notes

These voting statistics are based on each manager's full voting record over the 12 months to 31 December 2021 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

| Investment Manager | Who is their proxy voting adviser? | How is the proxy voting adviser used? |
|--------------------|------------------------------------|---|
| LGIM | ISS and IIS | ISS and IIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM. |
| Schroders | ISS and IIS | Proxy advisers provide research and administer votes but voting is determined by Schroders. |

The Investment Managers' Voting Behaviour

The Trustee has reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management");
- the votes they cast in the year to 31 December 2021 on the most contested proposals in nine categories across the UK, the US and Europe;
- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustee has also compared the voting behaviour of the investment managers with their peers over the same period. The Trustee's key observations are set out overleaf.

Voting in Significant Votes

Based on information provided by the Trustee's Investment Adviser, the Trustee has identified significant votes in nine separate categories. The Trustee considers votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustee considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

LGIM

The Trustee has no concerns regarding the voting record of LGIM.

The manager's willingness to vote against management is consistent with the broad range of policies covered within its corporate governance documentation; each policy provides a set of criteria which can be used to justify a vote against management.

The Trustee also notes that LGIM has supported shareholder proposals designed to tackle ESG issues and has held directors to account regarding their energy transition proposals (proposals setting out how CO2 emissions will be reduced).

Schroders

Although the manager's application to be a signatory to the UK Stewardship Code in 2020 was rejected by the Financial Reporting Council, the Trustee has no concerns regarding Schroders' voting record.

The manager demonstrates they are prepared to vote against management on a range of issues and opposes management in closely contested votes to a greater extent than many of its peers.

Schroders has also consistently been supportive of closely contested shareholder proposals brought to tackle a range of issues including climate change, gender inequality, diversity and human rights.

Schroders has supported directors looking to transition their company to a low carbon economy but opposed such plans in instances where Schroders does not feel company management is going far enough.

Conclusions

Based on the analysis undertaken, and as per the descriptions above, the Trustee has no material concerns regarding the voting records of all managers.

The Trustee will keep the voting actions of the investment managers under review.

..... C Teagle Date: 31 July 2023

Signed on behalf of the Trustee of the LSR Pension Scheme

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustee.

| Company | Meeting Date | Proposal | Votes For (%) | Votes Against (%) | LGIM | Schroders |
|--|--------------|--|---------------|-------------------|----------|-----------|
| Audit & Reporting | | | | | | |
| ACTIVISION BLIZZARD INC | 21/06/2021 | Ratify PricewaterhouseCoopers LLP as Auditors | 54 | 43 | For | For |
| INTEL CORPORATION | 13/05/2021 | Appoint the Auditors | 38 | 61 | Against | Against |
| LABORATORY CORPORATION OF AMERICA | 12/05/2021 | Ratify Deloitte & Touche LLP as Auditors | 37 | 62 | Not held | For |
| INVESTEC PLC | 05/08/2021 | Investec Limited: Reappoint KPMG Inc as Joint Auditors of the | 71 | 29 | Against | For |
| INVESCO PERPETUAL UK SMALLER COMPANIES | 10/06/2021 | Re-appoint Ernst & Young LLP as the auditor of the Company | 76 | 24 | For | Not held |
| Shareholder Capital & Rights | | | | | | |
| JPMORGAN GLOBAL CORE REAL ASSETS LIMITED | 03/08/2021 | Authorise Share Repurchase | 50 | 50 | For | Not held |
| HENDERSON SMALLER COMPANIES I.T. PLC | 01/10/2021 | Authorise Share Repurchase | 42 | 56 | For | Not held |
| ORANGE S.A | 18/05/2021 | Authorize Board to Increase Capital in the Event of Additional Demand Related to Delegation Submitted to Shareholder Vote Under Items 19-24 | 57 | 43 | Against | Against |
| PLAYTECH PLC | 26/05/2021 | Issue Shares for Cash for the Purpose of Financing an Acquisition | 63 | 37 | For | For |
| KERING SA | 22/04/2021 | Authorize Capital Issuances for Use in Employee Stock Purchase | 32 | 68 | For | Not held |
| Pay & Remuneration | | | | | | |
| AT&T INC. | 30/04/2021 | Advisory Vote on Executive Compensation | 48 | 50 | Against | Against |
| AKZO NOBEL NV | 22/04/2021 | Approve the Remuneration Report | 50 | 50 | Against | Not held |
| INTERNATIONAL BUSINESS MACHINES CORPORATION | 27/04/2021 | Advisory Vote on Executive Compensation | 48 | 51 | Against | Against |
| NETFLIX INC | 03/06/2021 | Advisory Vote on Executive Compensation | 51 | 49 | Against | Against |
| DXC TECHNOLOGY COMPANY | 17/08/2021 | Advisory Vote on Executive Compensation | 46 | 51 | Against | Against |
| Constitution of Company, Board & Advisers | | | | | | |
| BERKSHIRE HATHAWAY INC. | 01/05/2021 | Elect Meryl B. Witmer - Non-Executive Director | 50 | 50 | Withhold | For |
| GEBERIT AG | 14/04/2021 | Elect Werner Karlen - Non-Executive Director | 50 | 50 | For | For |
| JPMORGAN GLOBAL CORE REAL ASSETS LIMITED | 03/08/2021 | Elect Simon Holden - Senior Independent Director | 50 | 50 | For | Not held |
| INTEGRAFIN HOLDINGS PLC | 08/03/2021 | Re-elect Michael Howard - Executive Director | 48 | 48 | Against | Not held |
| EDWARDS LIFESCIENCES CORPORATION | 04/05/2021 | Elect Kieran T. Gallahue - Non-Executive Director | 47 | 52 | Against | For |
| Merger, Acquisition, Sales & Finance | | | | | | |
| FIRSTGROUP PLC | 27/05/2021 | Approve Sale of First Student and First Transit | 61 | 39 | For | Against |
| VONOVIA SE | 16/04/2021 | Issue Bonds/Debt Securities | 79 | 21 | For | Not held |
| NORTH ATLANTIC SMALLER COMPANIES I.T. PLC | 23/06/2021 | Waive Rule 9 of the Take Over Code | 33 | 17 | Against | Not held |
| DELIVERY HERO SE | 16/06/2021 | Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to Aggregate Nominal Amount of EUR 3 Billion; Approve Creation of EUR 14 Million Pool of Capital to Guarantee Conversion Rights | 84 | 16 | Against | Not held |
| RAVEN PROPERTY GROUP LIMITED | 18/06/2021 | Approve Waiver of Rule 9 of the Takeover Code | 41 | 13 | Against | For |
| Climate Related Resolutions | | | | | | |
| BHP GROUP PLC | 14/10/2021 | Approve Company Climate Transition Action Plan | 82 | 15 | Against | Not held |
| Royal Dutch Shell | 18/05/2021 | Approve the Shell Energy Transition Strategy | 83 | 11 | Against | For |
| TOTALENERGIES SE | 28/05/2021 | Approve the Company's Sustainable Development and Energy | 83 | 7 | Against | Against |
| GLENORE PLC | 29/04/2021 | Approve Climate Action Transition Plan | 89 | 5 | Against | Not held |
| AENA SA | 27/04/2021 | Advisory Vote on Company's Climate Action Plan | 96 | 4 | For | Not held |
| Other Company Resolutions | | | | | | |
| PEARSON PLC | 30/04/2021 | Meeting Notification-related Proposal | 55 | 45 | For | Against |
| ORANGE S.A | 18/05/2021 | Allow Board to Use Delegations under Item 23 Above in the Event | 40 | 59 | Against | Against |
| PETROPRAVLOVSK PLC | 30/06/2021 | Meeting Notification-related Proposal | 61 | 38 | For | For |
| UNICREDIT SPA | 15/04/2021 | Approve Severance Payments Policy | 73 | 27 | For | Against |
| HOSTELWORLD GROUP PLC | 26/04/2021 | Approve Political Donations | 75 | 25 | For | For |
| Governance & Other Shareholder Resolutions | | | | | | |
| BORGWARNER INC | 28/04/2021 | Shareholder Resolution: Written Consent | 50 | 50 | Not held | For |
| GENERAL MOTORS COMPANY | 14/06/2021 | Shareholder Resolution: Written Consent | 50 | 50 | Against | Not held |
| COLGATE-PALMOLIVE COMPANY | 07/05/2021 | Shareholder Resolution: Reduce Ownership Threshold for | 51 | 49 | For | For |
| OMNICOM GROUP INC | 04/05/2021 | Shareholder Resolution: Report on Political Contributions and | 51 | 49 | Not held | For |
| THE GOLDMAN SACHS GROUP INC. | 29/04/2021 | Shareholder Resolution: Report on the Impacts of Using | 49 | 43 | For | For |
| Environmental & Socially Focussed Shareholder Resolutions | | | | | | |
| CATERPILLAR INC. | 09/06/2021 | Shareholder Resolution: Report on Climate Policy | 47 | 51 | For | For |
| EXXON MOBIL CORPORATION | 26/05/2021 | Shareholder Resolution: Issue Audited Report on Financial | 47 | 49 | For | Not held |
| TESLA INC | 07/10/2021 | Shareholder Resolution: Report on Diversity and Inclusion Efforts | 55 | 41 | For | Not held |
| BOOKING HOLDINGS INC. | 03/06/2021 | Shareholder Resolution: Report on Annual Climate Transition | 56 | 43 | For | For |
| AMAZON.COM INC. | 26/05/2021 | Shareholder Resolution: Oversee and Report on a Civil Rights, | 44 | 55 | For | For |

Note

Where the voting record has not been provided at the fund level, the analysis is based on the shares held within the Scheme's pooled funds as at points during the period. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.