

## IMPLEMENTATION STATEMENT

### Purpose

This Statement provides information on how, and the extent to which, the Trustee of the Chamberlin & Hill Staff Pension and Life Assurance Scheme ("the Scheme") has followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 31 March 2024 ("the reporting year"). In addition, the Statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

### Background

Because of investment strategy changes during the year, at the December 2023 Trustee meeting, the Trustee agreed to update the Statement of Investment Principles ("SIP") to reflect these. The previously signed SIP was as at September 2020. The revisions included:

- Increased target allocations to the Scheme's Matching Assets (namely the LGIM Matching Core LDI and LGIM Buy & Maintain funds) to reflect the investment of the Company's Contributions; and
- The increase of the target hedge ratio to c.90% relative to the Technical Provisions liabilities, to align the target hedge with the Scheme's funding level

Although agreed to, the December 2023 SIP was not signed at the time because discussions had started about the Company's sale of its subsidiary, and further investment strategy changes were made in Q1 2024 following the Company's resulting Contribution. A finalised SIP reflecting all investment strategy changes and to align with the Department of Work and Pensions ("DWP's") latest guidance will be implemented in the 2024/25 reporting period, formally replacing the September 2020 SIP.

### The Trustee's policy on ESG, voting and engagement

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustee requires the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustee may periodically meet with their investment managers to discuss engagement which has taken place. The Trustee will also expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustee on the stewardship credentials of their managers. The Trustee will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustee recognises the Code as an indication of a manager's compliance with best practice stewardship standards.

## IMPLEMENTATION STATEMENT (continued)

### Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

When providing manager selection advice, XPS assess the funds using various criteria. One of these criteria is the funds ESG and climate change integration, where XPS will only recommend funds that at least meet a minimum level of ESG integration. Therefore, whilst the funds the Scheme invests into do not have an ESG focus, it is believed that the funds ESG credentials are sufficient to meet Chamberlin's ESG and climate change policy.

No new manager selection exercises took place during the reporting year. The Trustee notes that the new investment into the longer dated LGIM Buy and Maintain Credit 2035 - 2039 fund that occurred in February 2024, was into the same fund range as the existing Buy & Maintain funds and hence not considered a manager selection exercise.

### Ongoing governance

The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this statement. Further, the Trustee has set XPS the objective of ensuring that any selected managers reflect the Trustee's views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustee believes that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustee has not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

### Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

### Voting activity

The main asset class where the investment managers will have voting rights is equities, as it represents the equity ownership and shareholder's stake within the underlying business. There's likely to be no voting rights for credit-based assets or funds that invest into them, such as the LGIM Buy and Maintain or BlackRock Multi Strategy Credit Fund. Investments in public equities will form part of the strategy for the diversified growth fund in which the Scheme invests, the LGIM Dynamic Diversified Fund.

As the Scheme invests in pooled funds, the Trustee acknowledges that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.

The Trustee has confirmed this approach to be appropriate for the Scheme's investments. The information below is the investment managers' activity in relation to voting.

This voting information has been provided by the investment managers. The Trustee considers votes to be significant on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding.

Where the manager has provided a selection of significant votes, the Trustee has reviewed the rationale for significant votes provided by the managers and are comfortable with the rationale provided, and that it is consistent with their policy.

The Trustee, with the help of XPS, has considered the information the investment managers have been able to provide on significant voting, and have deemed the below information as most relevant. Neither XPS nor the Trustee have vetted these votes. These summaries have been provided by the investment manager(s) and any reference to "our", "we" etc. is from the investment manager's perspective.

# CHAMBERLIN & HILL STAFF PENSION & LIFE ASSURANCE SCHEME

## IMPLEMENTATION STATEMENT (continued)

### Voting activity (continued)

<b>LGIM Dynamic Diversified Fund</b>
The manager voted on 99.8% of resolutions of which they were eligible out of 98,900 eligible votes.
<b>Investment Manager Client Consultation Policy on Voting</b>
<p>LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. LGIM's voting policies are reviewed annually and take into account feedback from clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.</p>
<b>Investment Manager Process to determine how to Vote</b>
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 are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. 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.
<b>How does this manager determine what constitutes a 'Significant' Vote?</b>
<p>As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.</p> <p>For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide clients access to 'significant vote' information.</p> <p>In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions &amp; Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:</p> <ul style="list-style-type: none"><li>• High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;</li><li>• Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;</li><li>• Sanction vote as a result of a direct or collaborative engagement;</li><li>• Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.</li></ul> <p>LGIM provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.</p> <p>The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on their website at: <a href="https://vds.issgovernance.com/vds/#/MjU2NQ==/">https://vds.issgovernance.com/vds/#/MjU2NQ==/</a></p>
<b>Where voted against the company, was this communicated</b>
For all of the below significant votes, LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics

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## Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses 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. Their use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure their 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 them 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 them of rejected votes which require further action.

## Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote	Outcome
Microsoft Corporation	2023-12-07	0.57%	Resolution 1.06 - Elect Director Satya Nadella	Against	94.4% (Pass)
Why the vote was deemed significant: Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.					
Rationale: Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.					
Implication: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.					
Apple Inc.	2024-02-28	0.50%	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Against	Fail
Why the vote was deemed significant: Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.					
Rationale: Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.					
Implication: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.					
Prologis, Inc.	2023-05-04	0.34%	Resolution 1j - Elect Director Jeffrey L. Skelton	Against (against management recommendation)	Outcome not available

# CHAMBERLIN & HILL STAFF PENSION & LIFE ASSURANCE SCHEME

Why the vote was deemed significant: Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.					
Rationale: Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. 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. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Diversity: A vote against is applied as the company has an all-male Executive Committee.					
Implication: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.					
Shell Plc	2023-05-23	0.28%	Resolution 25 - Approve the Shell Energy Transition Progress	Against (against management recommendation)	80% (Pass)
Why the vote was deemed significant: Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.					
Rationale: Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.					
Implication: LGIM continues to undertake extensive engagement with Shell on its climate transition plans					
American Water Works Company, Inc.	2023-05-10	0.18%	Resolution 5 - Oversee and Report a Racial Equity Audit	For (against management recommendation)	Outcome Not Available
Why the vote was deemed significant: Thematic - Diversity: LGIM considers this shareholder proposal significant as they view gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.					
Rationale: Shareholder Resolution - Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.					
Implication: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.					

Signed: \_\_\_\_\_ Trustee

Date: \_\_\_\_\_