

IMPLEMENTATION STATEMENT

Historic Royal Palaces Pension Scheme (the "Scheme")

The Trustees of the Historic Royal Palaces Pension Scheme have prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme's Statement of Investment Principles (SIP), dated August 2020. This Statement covers the period 1 April 2022 to 31 March 2023.

Voting and Engagement Policy

A summary of the Trustee's policy as set out in the SIP in respect of voting, stewardship and engagement is:

- The Trustees believe that environmental, social, and corporate governance ("ESG") factors may have material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process.
- The Trustees have given Legal & General (L&G) full discretion in evaluating Environmental, Social and Governance (ESG) factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the pooled investments, including undertaking engagement activities, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Code and UK Stewardship Code.
- As the assets of the Scheme are managed in pooled arrangements, they are subject to L&G's policy on social, environment and ethical considerations related to the selection, retention and realisation of investments. The Trustees have reviewed this policy and are satisfied that it corresponds with their responsibility to their beneficiaries.
- The Trustees review an annual stewardship monitoring report, which includes details of voting and engagement activities associated with each of the funds invested in. Through periodic meetings with the investment manager, they have the opportunity to challenge manager decisions that appear out of line with the investment fund's objectives or the objectives/policies of the Scheme.

The Trustees are of the opinion that this policy has been followed during the year. In particular:

- We have received an annual report from L&G regarding voting and engagement and have access to quarterly reporting from L&G regarding voting and engagement.

- The Trustee has considered L&G's voting practices and stewardship policies noting that the Financial Reporting Council has recognised L&G as a successful signatory to the UK Stewardship Code.
- Following the review of the annual report from L&G, the Trustees considered the policy in regard to voting and stewardship and concluded that the current policy is appropriate.
- The Trustees' investment consultants, Mercer, provide 6 monthly investment reports in which the L&G passive equity funds are rated in the top "p1" passive equity fund ESG rating band and the L&G property fund is rated in the second tier ESG band of 2 out of 4.

Voting Record

All underlying securities in the L&G equity funds that have voting rights are managed by L&G with L&G having the legal right to the underlying votes. Some high level statistics relating to L&G's voting record are set out below:

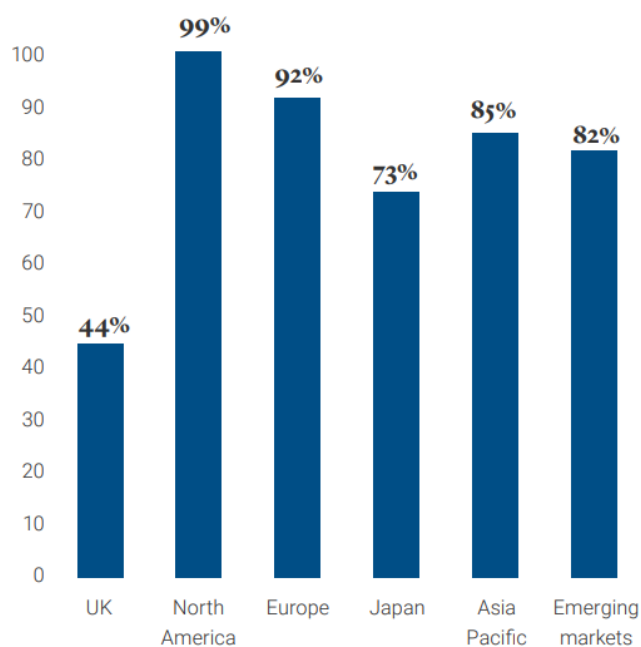
- In 2022, LGIM cast over 171,000 votes at over 15,750 meetings⁷⁵

Voting Statistics by Region

Global

Proposal category	Total for	Total against	Total abstentions	Total
Antitakeover related	540	13	0	553
Capitalisation	7376	834	0	8210
Directors related	23881	5634	844	30359
Non-Salary compensation	1751	1691	0	3442
Reorganisation and mergers	4271	1342	0	5613
Routine/Business	15324	2065	9	17398
Shareholder Proposal - Compensation	28	49	0	77
Shareholder Proposal - Corporate governance	103	27	1	131
Shareholder Proposal - Directors related	972	365	13	1350
Shareholder Proposal - General economic issues	2	2	0	4
Shareholder Proposal - Health/Environment	76	103	0	179
Shareholder Proposal - Other/Miscellaneous	61	144	0	205
Shareholder Proposal - Routine/Business	200	85	0	285
Shareholder Proposal - Social/Human rights	6	26	0	32
Shareholder Proposal - Social	30	15	0	45
Total resolutions	54621	12395	867	67883
No. AGMs				4114
No. EGMs				1275
No. of companies voted on				4200
No. of companies where voted against management/abstained on at least one resolution				3339
% of companies where at least one vote against management (includes abstentions)				80%

Proportion of companies with at least one vote against (including abstentions)



Source for all data: LGIM as at 31 December 2022. The votes on this page and in the pages that follow represent voting instructions for our main FTSE pooled index funds.

Figures in the tables showing total votes 'for' are votes in line with management, votes 'against' are cast against management recommendations; therefore, votes 'for' on shareholder proposals are votes cast in line with management (against the shareholder proposal). For the US: 'withhold' votes counted as 'against'.

LGIM's voting statistics specifically for each of the equity funds in the year are:

Fund	Japan Equity	Europe (ex UK) Equity	North America Equity	Asia Pacific (ex Japan) Developed Equity	World Emerging Markets Equity	UK Equity
How many meetings were you eligible to vote at over the year to 31 March 2022	505	618	676	503	4231	733
How many resolutions were you eligible to vote on over the year to 31 March 2022	6267	10391	8543	3590	36506	10870
What % of resolutions did you vote on for which you were eligible?	100.00%	99.93%	99.41%	100.00%	99.92%	99.94%
Of the resolutions on which you voted, what % did you vote with management?	88.75%	80.99%	65.40%	70.84%	79.53%	94.46%
Of the resolutions on which you voted, what % did you vote against management?	11.25%	18.53%	34.55%	29.16%	18.41%	5.54%
Of the resolutions on which you voted, what % did you abstain from?	0.00%	0.48%	0.06%	0.00%	2.06%	0.00%
In what % of meetings, for which you did vote, did you vote at least once against management?	71.49%	79.13%	97.19%	74.35%	53.94%	37.89%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	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. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.					
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	9.24%	9.68%	26.55%	17.91%	6.75%	4.23%

Significant Votes

A highlight of some of the significant votes during the period are shown in appendix A.

Engagement statistics

A high level overview of some of the L&G engagement statistics during the period are:

- A number of thematic engagement campaigns have come to fruition in 2022 on issues including deforestation, diversity, equal shareholder rights and transparency
- LGIM's Investment Stewardship team held 361 meetings/calls and 863 written engagements in 2022
- Climate change continued to be the most frequently discussed topic

Top five engagement topics*



281

Climate change



264

Deforestation



219

Remuneration



212

Shareholder rights



120

Company disclosure and transparency

Significant Votes – Appendix A

Company name	Royal Dutch Shell Plc	BP Plc	Rio Tinto Plc
Date of vote	2022-05-24	2022-05-12	2022-04-08
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.703716	3.029005	2.674839
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 3 - Approve Net Zero - From Ambition to Action Report	Resolution 17 - Approve Climate Action Plan
How you voted	Against	For	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the 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.	Voted in line with management	LGIM publicly communicates its vote instructions on its website with the 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.

Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.	Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
Outcome of the vote	0.799	0.885	0.843
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Company name	Meituan	China Construction Bank Corporation	Industrial & Commercial Bank of China Limited
Date of vote	2022-05-18	2022-06-23	2022-06-23
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.320086	1.106657	0.754466
Summary of the resolution	Resolution 2 - Elect Wang Xing as Director	Resolution 10 - Elect Graeme Wheeler as Director	Resolution 7 - Elect Chen Siqing as Director
How you voted	Against	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the 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.	LGIM publicly communicates its vote instructions on its website with the 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.	LGIM publicly communicates its vote instructions on its website with the 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>Rationale for the voting decision</p>	<p>Diversity: A vote against is applied as LGIM expects a company to have at least one female on the board. Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. A vote AGAINST the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfill fiduciary duties in the company.</p>	<p>Climate Impact Pledge: A vote against is applied under LGIM's Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.</p>	<p>Climate Impact Pledge: A vote against is applied under LGIM's Climate Impact Pledge. We positively note the Company's increased willingness to engage with LGIM and highlight responsiveness to investor concerns, including ESG-related amendments to strengthen the bank's Articles of Association in this area. However, we continue to note our concern with the lack of a clear thermal coal policy in place and no disclosure of scope 3 emissions associated with investments. We will continue to monitor the Company's progress in this area.</p>
<p>Outcome of the vote</p>	<p>0.918</p>	<p>0.955</p>	<p>0.99</p>
<p>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</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>	<p>LGIM will continue to engage with the company and monitor progress.</p>	<p>LGIM will continue to engage with the company and monitor progress.</p>

<p>On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?</p>	<p>LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. LGIM also considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.</p>	<p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p>	<p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p>
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Company name	Amazon.com, Inc.	Alphabet Inc.	Meta Platforms, Inc.
Date of vote	2022-05-25	2022-06-01	2022-05-25
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.784971	1.711770	1.192995
Summary of the resolution	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 7 - Report on Physical Risks of Climate Change	Resolution 5 - Require Independent Board Chair
How you voted	Against	For	LGIM voted in favour of the shareholder resolution (management recommendation: against).

Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the 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.	LGIM publicly communicates its vote instructions on its website with the 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.	LGIM publicly communicates its vote instructions on its website with the 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.
Rationale for the voting decision	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
Outcome of the vote	93.3%	17.7%	0.167
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).