

THE LOOKERS PENSION PLAN

Engagement Policy Implementation Statement ('EPIS')

The purpose of the EPIS is for us, the Trustee of the Lookers Pension Plan, to explain what we have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment

Principles ("SIP"). It includes:

- How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan's investments have been followed during the year; and
- How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, all of the Plan's material investment managers were able to disclose good evidence of voting and engagement activity, that the activities completed by our managers align with our stewardship expectations, and that our voting policy has been implemented effectively in practice.

How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, all of the material investment managers were able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our appointed investment advisors. In particular, we received quarterly Environment Social Governance ("ESG") ratings for the funds the Plan was invested in where available.

Each year, we review the voting and engagement policies of the Plan's investment managers to ensure they align with our own policies for the Plan and help us to achieve them.

During the period, the Plan appointed Cardano as Fiduciary Manager. At the end of the accounting year, the Plan's assets were in transition between the existing arrangement and the new arrangement with Cardano. The Plan continued to follow the policies and objectives set out in the SIP. Following the transition, these will be reviewed in line with the new arrangement.

The Plan's stewardship policy can be found in the SIP: [Lookers - Pension Plan \(lookerspension.uk\)](https://www.lookerspension.uk).

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Our manager's voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

The table below shows the voting statistics for the Plan's equity mandate, held with Legal and General Investment Management ("LGIM"), with voting rights for the year to 31 March 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM – Developed Balanced Factor Equity Index Fund	11,712	99.8%	20.2%	0.1%

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes, in its own words, how LGIM uses proxy voting advisers

	Description of use of proxy voting adviser
Legal and General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses Institutional Shareholder Services's ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. For more details, please refer to the Voting Policies section of this document.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's equity manager, LGIM, to provide a selection of what it considers to be the most significant votes in relation to the Plan's fund. One such significant vote is included in the appendix.

The full SIP can be found here: [Lookers - Pension Plan \(lookerspension.co.uk\)](https://lookerspension.co.uk)

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the fund invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
LGIM – Developed Balanced Factor Equity Index Fund	297	<i>Not provided</i>	Environment - Climate change Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality Governance - Board effectiveness - Diversity, Remuneration Strategy, Financial and Reporting- Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose
Bluebay – Total Return Diversified Credit Fund	161	484	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness - Independence or Oversight Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose
PIMCO – Global Investment Grade Credit ESG Fund	220	>1,800	Environment - Greenhouse Gas Emissions, Natural resource use/impact (e.g. water, biodiversity), Net Zero Interim Target Setting Social – Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Health Safety Strategy, Financial and Reporting – Reporting and Transparency

Data limitations

At the time of writing, LGIM did provide fund-level engagement information but not in the industry standard engagement reporting template. Additionally, the manager did not provide any firm-level engagement information.

This report does not include commentary on the Plan's Gilt and cash holdings because of the limited materiality of stewardship to these asset classes.

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Appendix – Significant Voting Example

In the table below is an example of a significant vote provided by the Plan's manager, in its own words. We consider a significant vote to be one which the manager considers significant.

LGIM – Developed Balanced Factor Equity Index Fund	Company name	Eli Lilly and Company
	Date of vote	02-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	~0.9%
	Summary of the resolution	Require Independent Board Chair
	How you voted	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.
	Rationale for the voting decision	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	Fail
	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.
	On which criteria have you assessed this vote to be "most significant"?	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).

Source: Manager

Approved by the Trustee of the Lookers Pension Plan on 23 October 2023