

Lookers Pension Plan

Implementation Statement



cardano

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Introduction

This implementation statement (“Statement”) is produced alongside the Trustee Report and Accounts and is required by pensions regulations¹. The Lookers Pension Plan Trustees Limited as trustee of the Lookers Pension Plan (the “Trustee” and the “Plan” respectively) has prepared this Statement to provide stakeholders with a transparent and accurate review of how it has acted in line with the stewardship policies, including engagement and voting, set out in the Statement of Investment Principles (the “SIP”) during the accounting year.

This Statement includes details of:

- Compliance against the stewardship and voting policies;
- Any changes made to the stewardship and voting policies (“Stewardship Policy”) during the year; and
- Specifically, how the Plan’s investment managers voted and engaged on our behalf.

This statement has been prepared by the Trustee to cover the period 1 April 2024 to 31 March 2025.

The Statement is publicly available at <https://lookerspension.co.uk>

Executive summary

The day to day management of the Plan’s assets is delegated to Cardano Risk Management Limited (the “Fiduciary Manager”). In advance of the appointment, the Trustee took steps to ensure that the management of the Plan’s assets and the Fiduciary Manager’s policies were aligned with the Trustee’s own policies. The Trustee continues to monitor the Fiduciary Manager, as part of its regular interactions with them.

The Trustee monitors the voting and engagement activity of the Plan’s investment managers, and, through the Fiduciary Manager, challenges their decisions. Effort is focused on those investment managers where voting and engagement is material. The policies of those investment managers are summarised in this Statement, along with examples of the type of activity which took place during the period covered. Some of the investment managers use investment approaches where stewardship is less likely to be relevant or significant. The Trustee is comfortable that the Fiduciary Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers and receives a summary of the Fiduciary Manager’s overall assessments once a quarter.

¹ The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended)

1. Our Stewardship Policy

1.1. What is Stewardship?

“Stewardship” is the responsible allocation, management and oversight of capital to create long-term value, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is effected through exercising the right to vote on shares owned and engaging with the management of companies or properties in which we have a stake.

1.2. What is our Stewardship Policy?

The Stewardship Policy in force during the financial year was:

“The Trustee’s policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager encourages the Plan’s investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council.

The Trustee believes the integration of stewardship duties into the investment process helps them to fulfil their responsibilities. Implementing voting and engagement policies helps drive long term value for beneficiaries. This is achieved through targeted voting and engagement, which encourages better corporate management of environmental, social and governance issues and promotes more stable capital markets and economies.

Where relevant, the Trustee prefers its investment managers to have an explicit strategy, outlining the circumstances in which they will engage with a company (or issuer of debt or stakeholder) on relevant matters (including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance matters) and how they will measure the effectiveness of this strategy.

The Fiduciary Manager is responsible for engaging with investment managers regarding those investment managers’ voting records and level of engagement with the underlying investments, where this is expected to have meaningful impact (and the Trustee monitors the Fiduciary Manager’s activity in this regard).”

Engagement priorities

The Trustee has selected three stewardship priorities for manager engagement in order to improve alignment against our policies and beliefs as well as enhance disclosure. These priorities are linked to the UN Sustainable Development Goals and aim to improve sustainability within the portfolio and have a direct real-world impact to our members’ current and future landscape. The Trustee’s three stewardship priorities are:

- **Climate Crisis** (with a focus on climate change and net zero greenhouse gas emissions)
- **Environmental Impact** (with a focus on biodiversity, deforestation and water)
- **Human Rights** (with a focus on living wages, gender equality and health & nutrition)

The Trustee expects the investment managers to incorporate these themes into their future voting practices and the Fiduciary Manager monitors manager disclosures to ensure alignment against our priorities.

1.3. How have we implemented our Stewardship Policy?

Fund structuring

The Trustee holds investments primarily on an indirect basis through pooled funds. The reason for this

approach is that:

- It provides a broader range of investment opportunities, which helps to improve the diversification of investments, which in turn helps to manage risk;
- Fixed costs are shared amongst other investors, thereby reducing overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing the overall governance burden both on the Trustee and the Sponsor.

Where investments are made in pooled funds the Trustee follows the voting and engagement policies of the investment managers of the pooled funds. However, the Trustee remains responsible for ensuring that the investment managers act consistently with the Trustee's Stewardship Policy. The Trustee achieves this by ensuring that the Fiduciary Manager's beliefs and policies on engagement, manager selection and manager monitoring are aligned with the Stewardship Policy.

External engagements

The Trustee assesses that the Fiduciary Manager has been aligned with our Stewardship Policy throughout the year. For example, the Fiduciary Manager has been a signatory to the UN Principles for Responsible Investment since 2011 and they are a signatory to the UK Stewardship Code 2020.

In addition, the Fiduciary Manager is a member of a range of sustainable investment organisations, including those noted below.



Engagement beliefs

The development of engagement beliefs is an important Trustee responsibility. The day-to-day implementation of the beliefs has been delegated to the Fiduciary Manager, having concluded that the Fiduciary Manager's core beliefs are consistent with the Trustee's.

The beliefs driving the Fiduciary Manager's approach to engagement are as follows:

Quality over quantity

The Fiduciary Manager is interested in a few meaningful quality engagements with strong reporting (rather than being interested in the quantity of votes). They want managers to prioritise the highest sustainability impacts in their portfolios

Long-term

The Fiduciary Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

Real world impact

The Fiduciary Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

Transparency

Some engagement, perhaps even most engagement, will be unsuccessful. The Fiduciary Manager is realistic, and they prefer transparency from managers

Collaboration

Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Fiduciary Manager encourages underlying managers to participate in collaborative initiatives.

Innovation

The Fiduciary Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

Integrated

The Fiduciary Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

Manager selection and monitoring

When selecting investment managers, the Fiduciary Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with the Trustee's Stewardship Policy. The Fiduciary Manager monitors the investment managers on an ongoing basis, ensuring their activities align with the Stewardship Policy and engaging with the investment managers to help them improve their stewardship approach.

The Fiduciary Manager closely monitors investment managers who do not meet the stewardship standards and actively works with them to improve their policies, processes and reporting.

The Trustee monitors the voting and engagement activity of our investment managers and challenges their activity through the Fiduciary Manager. Managers are categorised according to how material voting and engagement is in their mandate. The Fiduciary Manager focuses its efforts on any managers where voting and engagement is material.

Compliance statement

The Trustee has complied with the Stewardship Policy over the year.

2. Voting Activity

The Shareholder Rights Directive (SRD II) and the UK Stewardship Code 2020 both emphasise the

importance of institutional investors and asset managers engaging with the companies in which they invest. They stress the importance of exercising shareholder voting rights effectively. Voting only applies to equities held by the Plan and given the use of pooled funds, there is limited scope for the Trustee to directly influence voting. Voting is carried out by the investment managers on behalf of the Trustee.

2.1. How did the managers vote?

The tables below provide a summary of the voting activity undertaken by the managers during the year.

Note: the managers included denote those where voting and engagement are seen as material aspects of their investment process, rather than necessarily those investments the Plan has the largest exposure to. In addition, not all managers in this category will always have voting opportunities in any given year. Some managers that are sensitive about voting records being shared have been excluded. Where “N/A” is seen, this indicates where data was not provided by managers. Although all investment managers that the Plan invests with, directly or indirectly, are subject to the Trustee’s Stewardship Policy and monitored accordingly, some managers are not subject to engagement / stewardship disclosure obligations. In some cases, aspects of a manager’s voting activity may not be included in this document; where we have concerns that public disclosure would be detrimental to the success of the investment strategy of the Plan.

AllianceBernstein

	Manager response
Number of meetings the manager was eligible to vote at over the year	56
Number of resolutions the manager was eligible to vote on over the year	749
% of eligible resolutions the manager voted on	100%
% of votes with management	95%
% of votes against management	5%
% of resolutions the manager abstained from	0%

BlackRock

	Manager response
Number of meetings the manager was eligible to vote at over the year	94
Number of resolutions the manager was eligible to vote on over the year	828
% of eligible resolutions the manager voted on	100%
% of votes with management*	90%
% of votes against management*	24%
% of resolutions the manager abstained from*	0%

* Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management

Cardano Sustainable Transition Equity

	Manager response
Number of meetings the manager was eligible to vote at over the year	1948
Number of resolutions the manager was eligible to vote on over the year	25428
% of eligible resolutions the manager voted on	100%
% of votes with management	74%
% of votes against management	23%
% of resolutions the manager abstained from	1%

Egerton

	Manager response
Number of meetings the manager was eligible to vote at over the year	35
Number of resolutions the manager was eligible to vote on over the year	585
% of eligible resolutions the manager voted on	96%
% of votes with management	95%
% of votes against management	4%
% of resolutions the manager abstained from	1%

Kadensa

	Manager response
Number of meetings the manager was eligible to vote at over the year	119
Number of resolutions the manager was eligible to vote on over the year	872
% of eligible resolutions the manager voted on	100%
% of votes with management	85%
% of votes against management	15%
% of resolutions the manager abstained from	0%

MI Metropolis¹

	Manager response
Number of meetings the manager was eligible to vote at over the year	3
Number of resolutions the manager was eligible to vote on over the year	41
% of eligible resolutions the manager voted on	90%
% of votes with management	100%
% of votes against management	0%
% of resolutions the manager abstained from	0%

Polar Capital

	Manager response
Number of meetings the manager was eligible to vote at over the year	56
Number of resolutions the manager was eligible to vote on over the year	515
% of eligible resolutions the manager voted on	100%
% of votes with management	86%
% of votes against management	0%
% of resolutions the manager abstained from	14%

Sands

	Manager response
Number of meetings the manager was eligible to vote at over the year	68
Number of resolutions the manager was eligible to vote on over the year	547
% of eligible resolutions the manager voted on	100%
% of votes with management	96%
% of votes against management	4%
% of resolutions the manager abstained from	1%

¹ Survey period 01/01/2025 – 31/03/2025

	Manager response
Number of meetings the manager was eligible to vote at over the year	20
Number of resolutions the manager was eligible to vote on over the year	185
% of eligible resolutions the manager voted on	90%
% of votes with management	87%
% of votes against management	3%
% of resolutions the manager abstained from	10%

2.2. Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves) if, for example: the investment manager lacks the resource to research each vote and submit votes; or, the investment manager wants to follow a recognised code of practice and the proxy voting service is an effective way to implement this

Using a proxy voting service does not necessarily mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the Financial Reporting Council's (FRC) Stewardship Code.

The Trustee recognises that by having a suitable Stewardship Policy in place and using the Fiduciary Manager to monitor voting activity, investment managers can create more engagement over time; particularly in the case of smaller, more boutique managers with less in-house expertise and resource.

The table below outlines the use of proxy voting services by the Plan's investment managers where voting is deemed to be of material importance.

Manager	Use of proxy voting service
AllianceBernstein	ISS
BlackRock	ISS and Glass Lewis
Cardano Global ESG Transition Equity Fund	Use Glass Lewis as a proxy provider to deliver vote recommendation and execution services. Glass Lewis applies the custom voting policy of Cardano and an audit process is in place with Glass Lewis to ensure the policy is applied correctly.
Egerton	No proxy advisor, but utilises the services of third-party tools including Broadridge Proxy Edge and Proxy Vote to cast votes
Kadensa	ISS
MI Metropolis	ISS
Polar Capital	ISS
Sands	ISS and Glass Lewis
Sunriver	ISS

2.3. Examples of significant votes

When collating voting statistics, we asked managers to provide examples of significant votes cast. The tables provides a sample of responses received.

BlackRock

Company Name	Boeing
Summary of the resolution	Report on GHG emissions
Engagement theme	Climate Crisis
Date of vote	May 2024
How the manager voted	For
Where the manager voted against management, did the manager communicate their intent ahead of the vote?	n/a
Voting rationale	Key to assessing environmental risk and technological obsolescence risk as light weighting is key to fuel efficiency and customer cost containment initiatives
Vote outcome	Failed to pass

Cardano

Company Name	Amazon
Summary of the resolution	Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology
Engagement theme	Human Rights
Date of vote	May 2024
How the manager voted	For (against management)
Where the manager voted against management, did the manager communicate their intent ahead of the vote?	Yes, a letter was sent to Amazon
Voting rationale	The use of facial recognition technology poses human rights risks, so we believe an independent assessment of Amazon's Recognition Technology would help reduce potential reputational, legal, and regulatory risks from misuse of the technology
Vote outcome	Failed to pass with 18.9% voting For

Egerton

Company Name	Canadian National Railway
Summary of the resolution	Proposal to accept Canadian National Railway Company's Climate Action Plan
Engagement theme	Climate Crisis
Date of vote	April 2024
How the manager voted	For
Where the manager voted against management, did the manager communicate their intent ahead of the vote?	n/a
Voting rationale	To support long-term shareholder value by addressing ESG related risks
Vote outcome	Passed

MI Metropolis

Company Name	Alphabet Inc.
Summary of the resolution	Adopt Targets Evaluating YouTube Child Safety Policies

Engagement theme	Human Rights
Date of vote	June 2024
How the manager voted	For
Where the manager voted against management, did the manager communicate their intent ahead of the vote?	n/a
Voting rationale	Alphabet has come under scrutiny for harmful content on YouTube. The proponent cites various legislation that will affect how Alphabet monitors content. The request for additional annual information on how the company is managing risks related to child safety does not appear to be overly burdensome and would provide shareholders with additional information on its management of related risks.
Vote outcome	Failed to pass with 14.2% For

3. Engagement Activity

Engagement is considered to be purposeful dialogue with a specific and targeted objective to achieve positive change in the interests of beneficiaries, thereby a key action required for delivering good stewardship. The Fiduciary Manager is passionate about active engagement, as opposed to disinvestment or exclusions practices, in order create positive real-world change. Through engagement, asset managers can build relationships with the companies in which they invest, helping to steward companies on a range of topics, including sustainability.

The tables below provide examples of engagement activity of the Plan's investment managers where engagement should be a material activity in the management of the assets.

BlackRock

Key points	Engagement activity
<p>Engagement Theme: Climate Crisis</p> <p>Industry: Metals</p> <p>Outcome:</p> <ul style="list-style-type: none"> Improved water usage and carbon emissions through higher quality materials 	<p>BlackRock has engaged with a leading specialty metals producer primarily serving the commercial aerospace market.</p> <p>The company has undergone a multi-year transformation, shifting away from its lower-quality, carbon-intensive commodity steel operations to focus on higher-value, specialty titanium products for the aerospace sector.</p> <p>Through ongoing engagement, BlackRock has worked collaboratively with management to enhance the company's business mix, operational quality, and cost efficiency. These improvements have also led to better environmental and social outcomes, including reduced carbon emissions, more efficient water use, and stronger health and safety standards. As a result, the company achieved an improved MSCI ESG rating of 'A' and delivered material value creation through enhanced margins, revenue growth, and increased business resilience.</p>

Cardano

Key points	Engagement activity
<p>Engagement Theme: Climate Crisis</p> <p>Industry: Chemical Sector</p> <p>Outcome:</p> <ul style="list-style-type: none"> Following the shareholder resolution, a dialogue was held with the company's CEO, and the Norwegian government, a significant shareholder of the company, was also engaged regarding the company's Scope 3 emissions. Cardano continues to actively participate in the ShareAction-led coalition and is considering further escalation 	<p>Cardano, has engaged with a portfolio company in the chemical sector on its decarbonisation strategy, as part of a coalition of investors led by ShareAction.</p> <p>This company has been identified as one where progress has been particularly slow—especially in setting a comprehensive Scope 3 emissions target.</p> <p>In response, Cardano and fellow investors escalated the engagement by adopting a multi-pronged approach, including the filing of a shareholder resolution calling for the company to set a Scope 3 target.</p>

AllianceBernstein

Key points	Engagement activity
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<p>Engagement Theme: Human Rights</p> <p>Industry: Healthcare</p> <p>Outcome:</p> <ul style="list-style-type: none"> Company disclosed that it will provide 91.5 million doses of the vaccine, improving accessibility to developing nations 	<p>AllianceBernstein has engaged with a pharmaceutical company to understand its strategy for expanding access to its cervical cancer vaccine, particularly in emerging markets such as China, where much of the growth is occurring.</p> <p>The company has been scaling up its manufacturing capacity to increase supply, which should improve vaccine availability in low- and middle-income countries.</p> <p>In its most recent engagement with company management, AllianceBernstein learned that the vaccine is still unlikely to reach many higher-need, lower-income populations. However, the company recently disclosed a commitment to provide 91.5 million doses between 2021 and 2025, aimed at improving accessibility in these markets. It also expressed an intention to explore alternative manufacturing strategies to help close the access gap in developing nations</p>
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Kadensa

Key points	Engagement activity
<p>Engagement Theme: Climate Crisis</p> <p>Industry: Consumer Discretionary</p> <p>Outcome:</p> <ul style="list-style-type: none"> Company has committed to targets to improve recycling and reduce water usage 	<p>Kadensa has engaged with the company with an aim to improve their ESG practices with a particular focus around (i) packaging material and waste; (ii) water stress; and (iii) health/nutrition (high sugar content drinks).</p> <p>The company has shared targets on plastics recycling (well developed in Japan and Europe, greatly lagging in Southeast Asia), and water reduction targets for 2030, and has provided updated metrics on a semi-annual basis. Kadensa will continue to engage and track progress.</p>

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