

Implementation Statement

Lil-lets UK Pension Fund

Purpose of this statement

This implementation statement has been produced by the Trustee of the Lil-lets UK Pension Fund (“the Fund”) to set out the following information over the year to 5 April 2025:

- how the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Fund’s investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

The voting behaviour is not given over the Fund year end to 5 April 2025 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2025.

Stewardship policy

The Trustee’s Statement of Investment Principles (SIP) in force at 16 November 2023 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It has been made available online here: [Statement of Investment Principles \(lil-lets.com\)](https://www.lil-lets.com/statement-of-investment-principles)

The Trustee decided not to set stewardship priorities for the Fund because the Fund solely invests through pooled investment vehicles where the Fund’s asset only represents a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers. Additionally, only 25% (£6.6m as at 31 March 2025) of the Fund’s assets were invested in assets with voting rights attached. However, the Trustee takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustee also review the stewardship and engagement activities of the investment managers annually.

How voting and engagement/stewardship policies have been followed

The Trustee considers their voting and engagement policies to have been met in the following ways:

- At the fund year-end, the Fund’s investment manager was Legal and General Investment Management (L&G). The Trustee regularly considers the performance of the funds and any significant developments.
- The Fund invests entirely in pooled funds, and as such the Trustee delegates responsibility for carrying out voting and engagement activities to the Fund’s asset managers.
- A formal review of L&G’s ESG and engagement policies was conducting at the Trustee’s 15 May 2019 meeting. The Trustee were satisfied that L&G’s policies were in line with their own.
- The Trustee has reviewed L&G’s voting and engagement policies as part of preparing this implementation statement.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the Fund’s investment managers are in alignment with the Fund’s ESG and Stewardship policies.

Voting Data

This section provides a summary of the voting activity undertaken by L&G on behalf of the Trustee over the year to 31 March 2025. The index-linked gilts and cash with L&G have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	L&G		
Fund name	UK Equity Index	World (ex UK) Equity Index	Global Real Estate Equity Index
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.		
No. of eligible meetings	717	2,810	384
No. of eligible votes	10,134	33,434	4,071
% of resolutions voted	100.0%	99.7%	100.0%
% of resolutions voted with management*	93.8%	77.9%	79.0%
% of resolutions voted against management*	6.2%	21.8%	20.9%
% of resolutions abstained*	0.0%	0.3%	0.2%
Proxy voting advisor employed	Institutional Shareholder Services ("ISS")		
% of resolutions voted against proxy voter recommendation	5.3%	15.4%	16.6%

Source: L&G.

*As a percentage of the total number of resolutions voted on. Totals may not add up to 100%. Numbers are subject to rounding.

Proxy voting

L&G's Investment Stewardship team uses ISS's electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with L&G's position on ESG, L&G have put in place a custom voting policy with specific voting instructions. L&G review their custom voting policy with ISS annually and take into account feedback from their investors.

Significant votes

As noted above, at this time the Trustee has not set stewardship priorities or themes for the Fund. So, for this Implementation Statement, the Trustee has asked the investment manager to determine what they believe to be a "significant vote". The Trustee has not communicated voting preferences to their investment manager over the period, as the Trustee is yet to develop a specific voting policy.

L&G have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes for each fund, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Fund. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

L&G UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	London Stock Exchange Group plc	Rentokil Initial Plc
Date of vote	21 May 2024	25 April 2024	8 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.7%	1.8%	0.4%
Summary of the resolution	Approve the Shell Energy Transition Strategy	Approve Remuneration Policy	Re-elect Richard Solomons as Director
How the manager voted	Against	For	Against
Rationale for the voting decision	L&G voted against this resolution in light of the revisions made to the Net Carbon Intensity ("NCI") targets, coupled with the ambition to grow its gas and liquefied natural gas ("LNG") business this decade, L&G expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050.	L&G voted for this resolution as an exception to L&G's policy. This follows productive consultation with the company that resulted in improvements to the proposals initially discussed. L&G's support of the remuneration policy and the adoption of the Executive Income Protection ("EIP") is in recognition of Mr Schwimmer's leadership in driving the company's performance, as well as acknowledging the competitive talent market in which the company operates.	L&G voted against this resolution because of a lack of progress on gender diversity on the board. L&G expects UK companies to have at least 40% female representation on the board.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be	High Profile meeting: This resolution is considered significant as L&G overrode their custom vote policy on the	Thematic - Diversity: L&G views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

	Vote 1	Vote 2	Vote 3
	both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.	basis of the engagement that they had with the company.	

L&G World (ex UK) Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Alphabet Inc.	JPMorgan Chase & Co.
Date of vote	10 December 2024	7 June 2024	21 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.3%	1.6%	0.9%
Summary of the resolution	Report on Artificial Intelligence ("AI") Data Sourcing Accountability	Elect Director John L. Hennessy	Elect Director Todd A. Combs
How the manager voted	For	Against	Against
Rationale for the voting decision	L&G believe a vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Additionally, L&G expects a company to have at least one-third women on the board. Furthermore, L&G 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.	L&G voted against this resolution as L&G expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.	Thematic - Diversity: L&G views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Thematic - Board Leadership: L&G considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the

	Vote 1	Vote 2	Vote 3
		Thematic - One Share One Vote: L&G considers this vote to be significant as L&G supports the principle of one share one vote.	combination of the board chair and CEO.

L&G Global Real Estate Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Prologis, Inc.	Simon Property Group, Inc.	Realty Income Corporation
Date of vote	9 May 2024	8 May 2024	30 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.0%	2.9%	2.8%
Summary of the resolution	Elect Director Hamid R. Moghadam	Elect Director Glyn F. Aeppel	Elect Director Michael D. McKee
How the manager voted	Against	Against	Against
Rationale for the voting decision	L&G voted against this resolution as as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	A vote against is applied as L&G expects American companies to have at least one-third women on the board. Additionally, L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Additionally, L&G expects the Chair of the Board to have served on the board for no more than 15 years and the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of the vote	Outcome not available	Pass	Outcome not available
Implications of the outcome	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	Thematic - Board Leadership: L&G considers this vote to be significant as it is an application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	Thematic - Diversity: L&G views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Thematic - Climate: L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, L&G's flagship engagement programme targeting companies in climate-critical sectors.

Source: L&G.

Engagement data

The investment manager may engage with its investee companies on behalf of the Trustee. The table below provides a summary of the engagement activity undertaken by L&G during the year for the relevant funds. Engagement activities are limited for the Fund's index-linked gilts and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	L&G		
	UK Equity Index	World (ex UK) Equity Index	Global Real Estate Equity Index
Number of engagements undertaken on behalf of the holdings in this fund in the year	362	1,589	250
Number of entities engaged on behalf of the holdings in this fund in the year	205	1,037	214
Number of engagements undertaken at a firm level in the year		4,459	

Source: L&G.

Examples of engagement activity undertaken over the year

L&G's key engagement topics at a firm level over the year to 31 March 2025 included:

- Climate change
- Deforestation
- Remuneration
- Climate mitigation
- Strategy
- Human rights
- Diversity

One example of L&G's engagement is regarding climate disclosures in Japan. L&G engaged with Nippon Steel, the largest steel maker in Japan, regarding their disclosures of climate-related and decarbonisation-related policy positions.

Given the highly carbon intensive nature of the steelmaking industry, Nippon Steel's role as one of the largest global steelmakers and the significant role Nippon Steel has in influencing Japanese policy, L&G have engaged repeatedly with Nippon Steel to encourage further climate policy disclosures. Despite previous engagements, L&G remained unsatisfied with the disclosures provided so far and as such filed a shareholder resolution that would require Nippon Steel to "Disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally".

Although the shareholder resolution did not pass, it achieved nearly 28% support, one of the highest levels of support recorded for a climate-related shareholder resolution in Japan, demonstrating to the company that investors expect greater transparency on climate-related engagement activity.

Summary

Based on the information received, the Trustee believes that the investment manager has acted in accordance with the Fund's stewardship policies. The Trustee is supportive of the key voting action taken by the investment manager over the period to encourage positive governance changes in the companies in which the manager holds shares.

**Prepared by the Trustee of the Lil-lets UK Pension Fund
June 2025**