

Implementation Statement

EPR Group Limited Defined Benefits Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the EPR Group Limited Defined Benefits Scheme ("the Trustee" and "the Scheme" respectively) to set out the following information over the year to 31 March 2023:

- 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 Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

Stewardship policy

The Trustee's Statement of Investment Principles ("SIP") in force at 31 March 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2020 and has been made available online here: <https://schemedocs.com/EPR-statement-investment-principles.html>

At the 20 April Trustee meeting the Trustees decided to not set stewardship priorities for the Scheme at the current time. This was due to the small allocation to assets where stewardship priorities are applicable. However, the Trustees takes climate risk and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment manager annually.

How voting and engagement/stewardship policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund manager. The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code. However, the Trustee cannot usually directly influence the manager's policies on the exercise of investment rights where the Trustee holds assets in pooled funds. This is due to the nature of these investments. The Trustee receives reporting on the voting and engagement policies of the fund manager, which they review to ensure alignment with their own policies, alongside preparation of the Implementation Statement.

The Trustee believes that Environmental, Social and Governance ("ESG") factors are financially material – that is, they have the potential to impact the value of the investments from time to time. The Trustee considers it to be part of their investment manager's role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the manager invests on behalf of the Scheme.

The Trustee reviews the stewardship and engagement activities of the current manager from time to time. No formal review was undertaken during the year and no remedial action was taken during the period. Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund manager are in alignment with the Scheme's stewardship policies.

Voting Data

Voting only applies to funds that hold equities in their portfolio. The Scheme's equity investments are held through a pooled fund with Legal & General Investment Management ("LGIM"). The Scheme's corporate bond and gilt investments, also held with LGIM, have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Manager 1
Fund name	Global Equity Fixed Weights (50:50) Index Fund
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	3,197
No. of eligible votes	41,099
% of resolutions voted	99.84%
% of resolutions abstained	0.13%
% of resolutions voted with management¹	81.85%
% of resolutions voted against management¹	18.02%
Proxy voting advisor employed¹	LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' 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, LGIM have put in place a custom voting policy with specific voting instructions.
% of resolutions voted against proxy voter recommendation	12.21%

¹ As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities/themes. At this time, the Trustee has not set stewardship priorities/themes for the Scheme. For this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a "significant vote". The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee has not developed a specific voting policy.

LGIM have provided a selection of 568 votes which they believe to be significant. In the absence of agreed stewardship priorities/themes, the Trustee has selected 3 votes from the manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

LGIM, Global Equity 50:50 Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	Amazon.com, Inc.	DCC Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.41%	0.54%	0.11%
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 4(b) - Re-elect Mark Breuer as Director
How the manager voted	Against	Against	For
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. LGIM 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, LGIM 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.	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.	Diversity: A vote in favour of the re-election of the Board Chair is considered warranted despite the Board gender imbalance as at the 2022 AGM. Following the AGM, and the departure of two female directors, the Board will include 30% women. However, over the year, it met (and exceeded) gender diversity recommendations. In addition, it is noted that two of the three most recent appointments are female and that a search for a new NED is ongoing.
Outcome of the vote	79.9% of shareholders supported the resolution	93.3% of shareholders supported the resolution	93.0% of shareholders supported the resolution

	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM 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"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

Fund level engagement

The investment manager may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Manager	LGIM – Fund Level	LGIM – Firm Level
Fund name	Global Equity 50:50 Equity Index Fund	All LGIM funds
Number of companies engaged with this year	466	950
Number of engagements undertaken in the year	726	1,088

**Prepared by the Trustee of the EPR Group Limited Defined Benefits Scheme
2 June 2023**