

Implementation Statement

London Clubs Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2023

Engagement Policy Implementation Statement (“EPIS”)

The purpose of the EPIS is for us, the Trustee of the London Clubs Pension Scheme, 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:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. 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, most of the Scheme’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

How voting and engagement policies have been followed

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

The Trustee receives regular investment updates from its investment consultant, Aon Investments Limited (“Aon”), including on matters relating to responsible investment. The Trustee’s ongoing monitoring takes different forms, including investment performance monitoring, ad-hoc market updates and annual investment risk disclosures.

Investment performance monitoring

On a monthly basis, the Trustee receives reports from its investment consultant outlining the valuation of all investments held. The asset allocation is also monitored and compared to the strategic asset allocation for the Scheme. The Trustee receives annual monitoring reports in March, which provide analysis of the Scheme’s investment performance and a review of each of the Scheme’s investment managers including Environment Social Governance (“ESG”) ratings where available. Investment returns are compared against appropriate performance objectives to monitor the relative performance of these investments.

Implementation Statement (Cont)

Investment risk disclosures

The Trustee reports on the risks associated with its investments annually in the investment risk disclosure report which accompanies the annual report and accounts. In this report, the Trustee monitors the risks associated within the Scheme's defined benefit investments,

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

The Scheme's stewardship policy can be found in the SIP:

<https://schemedocs.com/download/London-Clubs-Statement-Investment-Principles-2020.pdf>

Our delegated manager's engagement activity

We invest some of the Scheme's assets in Aon's Active Global Fixed Income Strategy. These are fund of funds arrangements, where Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code.

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 Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

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

Voting statistics

The table below shows the voting statistics for the Scheme's material fund 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 Alternative Equity Indexation Funds	13,075	99.8%	20.3%	0.2%
LGIM Emerging Markets Index	36,506	99.9%	18.4%	2.1%

Source: Manager

Implementation Statement (Cont)

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 how the Scheme's manager uses proxy voting advisers.

Description of use of proxy voting adviser

(in the manager's own words)

LGIM	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 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.
-------------	---

Source: Manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment manager to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

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 and on the following page shows some of the engagement activity carried out by the Scheme'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 Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
LGIM Alternative Equity Indexation Funds	337	1,224	Environment - Climate change, Social - Public health, Governance – Board effectiveness, diversity, remuneration, reporting Strategy, Financial and Reporting - Strategy/purpose and others
LGIM Emerging Markets Index	196	1,224	Environment - Climate change, Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Governance – Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Strategy/purpose, and others.
Hayfin Direct Lending Fund II	<i>Not provided. The manager stated there have not been any fund-level engagements because the fund is in the harvest period and is realising assets.</i>		

Implementation Statement (Cont)

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
DRC UK Whole Loan Fund	15-20	150	Environment - Climate change, Natural resource use/impact, Pollution, Waste Social - Conduct, culture and ethics Governance - Board effectiveness – Other, Leadership - Chair/CEO Strategy, Financial and Reporting - Capital allocation, Reporting, Financial performance
CRC Single Investor Fund XV, Ltd*	<i>Not provided</i>	<i>Not provided</i>	Environment - Climate change Social – Inequality Strategy, Financial and Reporting – Reporting ESG scholarship
PIMCO Diversified Income Fund*	247	>1800	Environment - Climate change Social - Conduct, culture and ethics, Human and labour rights Governance - Board effectiveness – Diversity, Independence or Oversight Strategy, Financial and Reporting - Capital allocation, Financial performance, Strategy/purpose Other - ESG bonds; Product Safety & Quality
CVC Credit Partners EU DL 2021 Feeder			<i>Not provided at time of writing report</i>
Underlying managers in Aon Active Global Fixed Income Strategy			
Aegon European Asset Backed Securities (ABS) Fund	132	441	Environment – Climate change Social – Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance – Board effectiveness – Diversity and others
T. Rowe Price Dynamic Global Bond Fund	16	778	Environment – Pollution, Waste, Climate change Social – Human capital management Governance – Remuneration Strategy, Financial and Reporting – Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, Capital allocation
M&G Sustainable Total Return Credit Investment Fund	7	157	Environment – Climate change, Net Zero Social – Human and labour rights, Conduct, culture, and ethics Governance – Remuneration, Leadership – Chair/CEO

Source: Managers. PIMCO and CRC did not provide fund level themes; themes provided are at a firm-level.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- CVC Credit Partners did not provide any engagement information at time of writing report.
- Hayfin did not provide engagement information for its direct lending fund. The manager stated there have not been any fund-level engagements because the fund is in the harvest period and is realising assets.
- CRC did not provide any engagement statistics. CRC states that it invests primarily in synthetic transactions tied to pools of loans originated by large, highly regulated banks, hence it has little scope for engagement at the fund-level.
- LGIM provided the fund-level engagement information but not to the level of detail asked for in the industry standard engagement request template.

This report does not include commentary on the Scheme's liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes.

Implementation Statement (Cont)

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

LGIM Alternative Equity Indexation Funds	Company name	Exxon Mobil Corporation
	Date of vote	25 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.6%
	Summary of the resolution	Set Greenhouse Gas ("GHG") Emissions Reduction targets Consistent With Paris Agreement Goal
	How you voted	FOR
	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 annual general meeting as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	A vote FOR is applied in the absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5 C goal.
	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 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.

Implementation Statement (Cont)

Appendix – Significant Voting Examples (Cont)

LGIM Emerging Markets Index	Company name	BB Seguridade Participacoes SA
	Date of vote	29 April 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1%
	Summary of the resolution	Accept Financial Statements and Statutory Reports for Fiscal Year Ended Dec. 31, 2021
	How you voted	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	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.
	Outcome of the vote	Pass
	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 the company and monitor progress.
	On which criteria have you assessed this vote to be "most significant"?	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.

Source: Manager