

# London & Quadrant Housing Trust Staff Benefits Plan for the year ending 31 March 2024

**Welcome to the Trustees' Statement of how they implemented the policies and practices in the Plan's Statement of Investment Principles (SIP) during the year ending 31 March 2024.**

**This statement covers the DC section and Additional Voluntary Contributions ("AVCs") of the Plan. Information regarding the DB section is provided in a separate document.**

## Introduction

This is the Trustees' statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This Statement sets out how the Trustees have complied with the Plan's stewardship policy as set out in the Statement of Investment Principles, during the period from 1 April 2023 to 31 March 2024.

## Why do the Plan's investments matter to me?

The DC Section of the Plan provides you with benefits on a defined contribution ('DC') basis (sometimes called money purchase benefits). This means that the size of the benefits you receive when you retire will depend on how much the funds where your savings are invested grow over the years.

## Statement of Investment Principles ('SIP')

The SIP sets out the investment principles and practices the Trustees follow when governing the Plan's investments. It describes the rationale for the investment options which you can choose (including the default arrangement if you don't make a choice), explains the risks and expected returns of the funds used and the Trustees' approach to responsible investing (including climate change).

This Implementation Statement is in respect of the Plan's SIP that was in place over the 12 months to 31 March 2024. Post Plan year end, the SIP has been updated to reflect changes in regulation that require the Trustees to state their policy on investing in illiquid asset. The next review of the SIP will take place no later than September 2027 as per the regulatory triennial schedule, or sooner if there are any changes to the investment options or stewardship policy.

If you want to find out more, you can find a copy of the Plan's SIP at <https://www.lqpensionplan.co.uk/>

## What is this Implementation Statement for?

Every year from 1 October 2020, the Trustees are required to prepare an Implementation Statement, which sets out how they have complied with the objectives in the Plan's SIP relating to DC benefits during the last year.

**Overall, the Trustees are satisfied that:**

- **The Plan's DC investments have been managed in accordance with the SIP; and**
- **The provisions in the SIP remain suitable for the Plan's DC members.**

Further detail about how the Trustees have assessed this are detailed below.

**How the Plan’s investments are governed**

The Trustees have overall responsibility for how the Plan’s investments are governed and managed in accordance with the Plan’s Trust Deed and Rules as well as Trust law, pensions law and pension regulations.

Joanne Fairbairn, a professional Trustee from Zedra Governance Ltd, was appointed in June 2023 to take over Richard Butcher’s role as Chair of the Trustee. There have been no changes to the governance processes during the last year. The Trustees have delegated day-to-day investment decisions, such as which investments to buy and sell, to the platform provider and fund managers.

The Trustees undertook the following training/actions during the last year to ensure that their knowledge of investment matters remains up to date:

| Date                   | Topic  | Aim  | Trainer          |
|------------------------|--|--|------------------|
| <b>7 December 2023</b> | Mansion House and new DC regulatory requirements             | To update trustees on the latest regulatory changes affecting DC schemes, ensuring they are fully informed of their legal obligations and best practices.            | Hymans Robertson |
| <b>5 March 2024</b>    | The Own Risk Assessment ('ORA') and General Code of Practice | To equip trustees with the knowledge to conduct effective Own Risk Assessments and adhere to the General Code of Practice, enhancing governance and risk management. | Hymans Robertson |

The Trustee noted its Advisor’s DC Hot Topics. During the year, the following topics were presented:

- Private Debt Investments in DC Schemes
- DC Investment Outlook 2024

The Trustees monitor how well their investment advisers meet the objectives agreed with them, which are designed to align with the objectives and investment strategy set out in the SIP. The current objectives the Trustees have agreed with the investment adviser is as follows:

- Deliver an investment approach for the default option that maximises risk-adjusted real returns for members. Note that the concept of risk can change throughout a member’s career.
- Provide advice in relation to a self-select range that incorporates sufficient choice for members to meet their own needs in terms of investment return, investment risk and retirement choices, reflecting member feedback where relevant.

- Ensure the fund range remains appropriate for members over time and propose changes on a timely basis where appropriate in relation to the addition or deletion of funds.

**The Trustees are satisfied that during the last year:**

- **The Plan's DC governance structure was appropriate;**
- **The Trustees have maintained their understanding of investment matters; and**
- **Their investment advisers met the agreed objectives.**

**How the default arrangement and other investment options are managed**

The objectives and rationale are set out in the SIP from pages 1 to 3 for the default arrangement and other investment options.

The Trustees regularly review the performance of each fund in which the Plan invests against its stated performance objective. The Trustees receive an investment performance monitoring report on a quarterly basis.

The Trustees monitor the suitability of the objectives for the default arrangement and for the other investment options and performance (after the deduction of charges) against these objectives at least every three years and without delay after any significant change in: (i) investment policy; or (ii) the demographic profile of the membership.

**The expected risks and returns on your savings in the DC Section**

The investment risks relating to members' DC benefits are described in the SIP on page 4.

The Trustees' views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Plan invests in over the longer term) for the Plan's lifestyle options which gradually change the funds in which your savings are invested as you approach retirement.

**The Trustees believe that the main investment risks members face described in the SIP have not changed materially over the last year.**

**The Trustees are satisfied that the current expected rates of investment return for the types of funds described in the SIP are still reasonable relative to the risks that members face.**

**Performance is assessed on a quarterly basis by comparing the funds against their respective benchmarks.**

**Fund managers and choice of funds**

The Trustees monitor the performance of the funds used by the DC Section of the Plan by:

- Receiving an investment performance monitoring report on a quarterly basis
- Comparing the performance of each fund in which the Plan invests against its stated performance objective; and
- Engaging with their investment adviser.

A full review of the Plan's default arrangement was carried out on 5 December 2022. The next full review of the investment options will be carried out by 5 December 2025. Following the review, the

Trustees agreed to make a number of changes to the default arrangement in order to enhance member outcomes and improve diversification.

The Trustees agreed to increase allocation to equities within the growth phase and improve diversification by investing via a more global approach. In the pre-retirement phase, where members are closer to retirement, in order to protect members' assets against interest rate changes and enhance diversification, the strategy will add an allocation to a Multi Asset Credit strategy which invests in a wide range of credit type assets. The plan is to implement these changes in 2025.

There have been no changes to the funds during the last year.

The Trustees have considered the length of time members' contributions are invested in the Plan when choosing and reviewing the funds used in the investment options. The Plan potentially has active members who are still working and could have savings invested for a long period of time.

**The Trustees' view on the long-term mix of investments for the Plan's lifestyle options including the default arrangement did not change during the last year.**

**Ability to invest / disinvest promptly**

It's important that your contributions can be invested promptly in the default arrangement, or the investment options you have chosen, and that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another plan or your benefits are due to be paid out when you retire.

The Trustees ensure this happens by having a robust process for the administration team processing cash payments to/from the Plan and to/from the investment funds. All of the Plan is invested in funds with daily dealing frequency.

**The Trustees are satisfied that money can be invested in and taken out of the Plan's funds in a suitable timeframe as set out in the SIP.**

**Portfolio turnover within funds**

The Trustee monitors the performance of the assets net of costs on a quarterly basis and any material deviation in performance relative to target returns or benchmarks will warrant an investigation into the activity carried out by the fund manager, including the buying and selling of assets. In this way, the Trustees indirectly monitors portfolio turnover and the associated transaction costs.

Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover or the time the fund invests in an asset might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee.

Portfolio turnover for the Plan's assets over the year to 31 March 2024 is provided in the below table.

**Annual portfolio turnover for the Plan's funds over the year to 31 March 2024**

| Fund   | Annual portfolio turnover (%) |
|--|-------------------------------|
| Schroder Sustainable Future Multi Asset Fund | 79.6%                         |
| BlackRock Dynamic Diversified Growth         | N/A                           |
| L&G World Emerging Market Equity Index       | 7.6%                          |

|  |       |
|--|-------|
| L&G Global Equity Fixed Weights (50:50) Index Fund | 4.7%  |
| L&G Ethical UK Index                               | 2.6%  |
| L&G UK Equity Index                                | 26.7% |
| L&G North America Equity Index                     | 16.3% |
| L&G Europe (Ex-UK) Equity Index                    | 6.7%  |
| L&G Japan Equity Index                             | 8.7%  |
| L&G Asia Pacific (Ex-Japan Developed Equity Index) | 13.6% |
| L&G World (Ex-UK) Equity Index                     | 13.4% |
| HSBC Amanah Global Equity Index                    | 10.1% |
| L&G Multi-Asset                                    | 38.3% |
| <b>AVC funds</b>                                   |       |
| Utmost Multi Asset Cautious                        | N/A   |
| Utmost Multi Asset Moderate                        | N/A   |
| Utmost Money Market                                | N/A   |

Source: Investment Managers

**The Trustees were satisfied that the level of trading of the funds' assets carried out by the fund managers has been consistent with the funds' objectives, with the exception of the Schroders Sustainable Future Multi Asset Fund, which the Trustees will engage with the manager on.**

### Security of savings in the Plan

In addition to the normal investment risks faced investing in the funds used by the Plan, the security of your savings in the Plan depends upon:

- The financial strength of the fund managers; and
- The legal structure of the funds the Plan invests in.

The financial strength of the fund managers has a bearing on the risk of losses to the Plan's members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are 'ring-fenced' from the rest of the fund managers' business in the unlikely event that the manager becomes insolvent.

The Mobius platform through which the Plan invests will provide notification should there be any operational changes to the funds invested. The Trustee also review whether there have been any significant changes to the fund managers on a quarterly basis.

**There have been no changes to the structure of the funds used by the Plan during the last year. The Trustees are not aware of any material changes in the financial strength of the fund managers in the last year.**

### Conflicts of interest

As described on page 8 of the SIP, the Trustees consider potential conflicts of interest when choosing fund managers or appointing a new platform provider. Over the year, the managers have not disclosed any potential or actual conflict.

The Trustees expect the fund managers to invest the Plan's assets in the members' best interests. As the funds used by the Plan are held at arms-length from the Trustees via an investment platform, the Trustees ask the platform provider to report on its own investment governance of the funds.

Going forward, the Trustees will formally ask managers to confirm any conflicts of interest when managers meet with the Trustees.

**The Trustees will consider the appropriate means to review and monitor conflicts of interest over the next reporting period.**

### Manager incentives

When selecting funds, the Trustees will ask their investment advisor to consider the investment managers' remuneration strategies and appropriateness of each fund's investment guidelines to ensure that there is no inducement or scope to take an undue level of risk and that the investment managers will act in line with the interests of the Plan's members.

In accordance with guidance from the Pensions Regulator, the Trustees will periodically review the Plan's choice of provider to ensure their charges and services remain competitive.

At least every three years, the Trustees will undertake a review of the appropriateness of the investment options and the ongoing suitability of the arrangements with the Plan's investment managers.

**Over the Plan year, the Trustees' approach to manager incentives has not changed.**

### Responsible Investment

The Trustees believe that responsible investing covers both sustainable investment and effective stewardship of the assets the Plan invests in.

Over the year, the Trustees reviewed the self-select funds available to members, with particular focus on funds with an 'ESG focus' (see below). It was concluded that the current range of funds gave members sufficient options to invest responsibly and no further funds were added to the range.

**The Trustees are satisfied that during the year the Plan's investments were invested in accordance with the policies on sustainable investing and consideration of financially material factors set out in the SIP.**

### Sustainable Investment

The Trustees believe that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (called 'ESG' factors) can have on the value of the Plan's investments and in turn the size of members' retirement benefits.

**The Trustees' approach to sustainable investing has not changed during the last year.**

### Investment stewardship

As described on pages 6-8 of the SIP, the Trustees believe it is important that the fund managers as shareholders or bond holders take an active role in the supervision of the companies in which they invest. The Trustees use Mobius Life ("Mobius") as the investment platform provider, and the

Trustees delegate the voting rights to the fund managers, BlackRock, LGIM, Schroders and HSBC. The fund managers act both by voting at shareholder meetings and engaging with the management on major issues which affect a company's financial performance (and in turn the value of the Plan's investments).

As the Plan's investments are held at arms-length from the Trustees and members through an investment platform operated by Mobius, the Trustees are not able to instruct the fund managers how they should vote on shareholder issues. The Trustees nevertheless:

- Choose fund managers whose voting policies are consistent with the Plan's objectives;
- Expect fund managers to vote in a way which enhances the value of the funds in which the Plan invests; and
- Monitor how the fund managers exercise their voting rights.

#### **How do the Trustees monitor this?**

The Trustees periodically review the platform provider's and fund managers approaches to stewardship including voting and engagement policies.

#### **Funds with voting rights attached to them in the default range:**

- L&Q Housing Trust DC Diversified Growth Blended (40% BlackRock Dynamic Diversified Growth, 60% Schroder's Sustainable Future Multi-Asset)
- L&Q Global Equity Blended Fund (90% L&Q Housing Trust DC Global Equity Fixed Weights (50:50 Index), 10% L&Q Housing Trust DC L&G World Emerging Market Equity Index)

#### **Funds with voting rights attached to them in the self-select range:**

- L&Q Housing Trust DC L&G Ethical UK Index
- L&Q Housing Trust DC L&G UK Equity Index
- L&Q Housing Trust DC L&G North America Equity Index
- L&Q Housing Trust DC L&G Europe (Ex-UK) Equity Index
- L&Q Housing Trust DC L&G Japan Equity Index
- L&Q Housing Trust DC L&G Asia Pacific (Ex-Japan) Developed Equity Index
- L&Q Housing Trust DC L&G World (Ex-UK) Equity Index
- L&Q Housing Trust DC HSBC Amanah Global Equity Index
- L&Q Housing Trust DC L&G Multi-Asset

#### **AVC funds:**

- Utmost Multi Asset Cautious
- Utmost Multi Asset Moderate
- Utmost Money Market

#### **How do the managers exercise their votes?**

**BlackRock** have an investment stewardship team which advocates sound corporate governance and makes sure practices are aligned with long-term sustainable financial performance. They prioritise engagements which include the following topics:

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- Compensation that promotes long-termism
- Human capital management

**Legal and General** Investment Stewardship team made all decisions regarding voting and engagement in accordance with the relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually by them. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

**Schroders** evaluate voting issues that arise and vote on them in line with their fiduciary responsibilities in what is deemed to be in line with the interests of the client. They utilise company engagement, internal research and investor views to aid their voting decisions.

**HSBC** have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits in dilution of existing shareholders and opposition to poison pills. They use ISS to assist with the application guidelines.

### Funds with No Voting Rights

The following funds are available to members through either the default fund range or the self-select fund range, but do not have voting rights. Trustees are looking for ways to engage more actively with managers of these funds.

- L&Q Housing Trust DC L&G Over 5-Year Index linked Gilts Index
- L&Q Housing Trust DC L&G Active Corporate Bond All Stocks
- L&Q Housing Trust DC L&G Future World Annuity Aware Fund
- L&Q Housing Trust DC L&G Cash
- L&Q Housing Trust DC L&G Over 5 Years Gilts Index
- L&Q Housing Trust DC Flexible Pre-Retirement Blended
- L&Q Housing Trust DC Annuity Match Blended
- L&Q Housing Trust DC L&G Managed Property



**Voting information (for funds in the default range):**

|  | Schroders Sustainable Future Multi-Asset | BlackRock Dynamic Diversified Growth Fund | L&G World Emerging Market Equity Index | L&G Global Equity Fixed Weights (50:50) Index Fund |
|--|--|---|--|--|
| <b>Proportion of Plan assets (as at 31 March 2024)</b>         | 20.7%                                    | 13.8%                                     | 4.5%                                   | 38.0%  |
| <b>No. of meetings eligible to vote at during year</b>         | 791                                      | 570                                       | 4,238                                  | 3,035  |
| <b>No. of resolutions eligible to vote on during year</b>      | 10,086                                   | 7,166                                     | 33,716                                 | 39,303   |
| <b>% of resolutions voted</b>                                  | 94.4%                                    | 94.0%                                     | 99.9%                                  | 99.8%  |
| <b>% of resolutions voted with management</b>                  | 89.1%                                    | 94.0%                                     | 80.1%                                  | 81.8%  |
| <b>% of resolutions voted against management</b>               | 11.0%                                    | 5.0%                                      | 19.0%                                  | 18.1%  |
| <b>% of resolutions abstained</b>                              | 0.8%                                     | 1.0%                                      | 0.9%                                   | 0.1%   |
| <b>% of meetings with at least one vote against management</b> | 55.6%                                    | 26.0%                                     | 54.3%                                  | 70.2%  |

Source: Schroders, BlackRock and LGIM

The resolutions which BlackRock voted against management the most on over the period were mainly in relation to:

- Environmental
- Boards of Directors
- Corporate structure and shareholder rights

The resolutions which LGIM voted against management the most on over the period were mainly in relation to:

- Average board tender
- Classified Board
- Climate Change
- Climate Impact Pledge
- Deforestation Policy
- Diversity
- Governance
- Independence
- Joint Chair/CEO
- Remuneration
- Shareholder rights

The Trustees are looking to get more information regarding the resolutions which Schroders voted against management on over the period.

Funds with voting rights attached to them in the self-select range are below:

|   | L&G Ethical UK Index | L&G UK Equity Index | L&G North America Equity Index | L&G Europe (Ex-UK) Equity Index | L&G Japan Equity Index | L&G Asia Pacific (Ex-Japan) Developed Equity Index | L&G World (Ex-UK) Equity Index | HSBC Amanah Global Equity Index | L&G Multi-Asset |
|---|----------------------|---------------------|--------------------------------|---------------------------------|------------------------|--|--------------------------------|---------------------------------|-----------------|
| <b>Proportion of Plan assets (as at 31 March 2024)</b>    | 0.8%                 | 2.2%                | 2.5%                           | 1.0%                            | 0.8%                   | 1.4%   | 0.7%                           | 0.5%                            | 0.7%            |
| <b>No. of meetings eligible to vote at during year</b>    | 251                  | 709                 | 645                            | 542                             | 514                    | 634  | 2,867                          | 104                             | 9,301           |
| <b>No. of resolutions eligible to vote on during year</b> | 4,532                | 10,462              | 8,731                          | 9,556                           | 6,103                  | 4,569  | 34,635                         | 1,702                           | 94,065          |
| <b>% of resolutions voted</b>                             | 99.5%                | 99.8%               | 99.8%                          | 99.7%                           | 100.0%                 | 100.0%   | 99.9%                          | 96.0%                           | 99.8%           |
| <b>% resolutions voted for management</b>                 | 94.9%                | 94.4%               | 65.4%                          | 80.6%                           | 88.0%                  | 78.3%  | 78.0%                          | 76.0%                           | 76.5%           |

|  |       |       |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>% resolutions voted against management</b>                  | 5.1%  | 5.6%  | 34.6% | 19.0% | 12.0% | 21.7% | 21.9% | 23.0% | 23.2% |
| <b>% resolutions abstained and did not vote</b>                | 0.1%  | 0.0%  | 0.0%  | 0.4%  | 0.0%  | 0.0%  | 0.1%  | 0.0%  | 0.3%  |
| <b>% of meetings with at least one vote against management</b> | 42.6% | 40.0% | 97.8% | 81.9% | 71.0% | 65.0% | 76.7% | 82.0% | 72.5% |

Source: LGIM and HSBC

### Significant votes

The Trustees have asked BlackRock, Schroders, LGIM and HSBC to report on the most significant votes cast within the portfolios they manage on behalf of the Plan. Managers were asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. From the managers' reports, the Trustees have identified the following votes as being among those of greater relevance to the Plan:

|                   | <b>Westpac Banking Corporation</b>                                | <b>Amazon.com</b>                                    | <b>Microsoft Corporation</b>                      | <b>United Parcel Service Inc.</b>                          | <b>Kroger Company (The)</b>             |
|-------------------|---|--|---|--|---|
| <b>Resolution</b> | Approve Westpac Climate Change Position Statement and Action Plan | Report on Median and Adjusted Gender/Racial Pay Gaps | Report on Climate Risk in Retirement Plan Options | Shareholder Proposal Regarding Report on Science-Based GHG | Report on Efforts to Reduce Plastic Use |

|                  | Targets and Alignment with Paris Agreement   |  |                        |                        |                        |
|------------------|--|--|------------------------|------------------------|------------------------|
|                  | December 2023  | June 2023  | December 2023          | May 2023               | June 2023              |
| <b>Blackrock</b> | Against  | Against  | Against                | Against                | Against                |
| <b>Schroders</b> | Against  | For  | Against                | Split                  | For                    |
| <b>LGIM</b>      | Against  | For  | Against                | For                    | For                    |
| <b>HSBC</b>      | Against  | For  | Against                | For                    | For                    |
| <b>Comments</b>  | <b>LGIM:-</b> Thematic - Climate: is publicly supportive of so called "Say on Climate" votes. they expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. | <b>LGIM:-</b> Diversity: view gender diversity as a financially material issue for our clients, with implications for the assets that we manage. | N/A no comment to note | N/A no comment to note | N/A no comment to note |

Source: Investment Managers

### Engagement activity

The Trustees receive annual reporting on each manager's engagement activity. The following table summarises the key engagement activity for the 12-month period ending 31 March 2024.

| Manager          | Voting rights / engagements   | Main topics engaged on  |
|------------------|---|---|
| <b>LGIM</b>      | Voting rights as this fund invests in equities.<br><br>The team initiated 2050 engagements with companies on an ongoing basis over the year.                  | Climate Change, Natural Resource Use/Impact, Pollution, Remuneration, Board Composition, Shareholder Rights, Inequality, Labour Standards, Human Rights, Capital Allocation, and Risk Management. |
| <b>BlackRock</b> | Voting rights as this fund invests in equities.<br><br>The team initiated 331 engagements on an ongoing basis over the year.                                  | Climate Risk Management, Remuneration, Diversity, Board Composition & Effectiveness, Human Capital Management, Corporate Strategy, and Labour Standards.  |
| <b>Schroders</b> | Voting rights as this fund invests in equities.<br><br>The team-initiated 1,075 engagements across the fund with companies on an ongoing basis over the year. | Climate Change, Natural Resource Use/Impact, Pollution, Labour Standards, Human Rights, Board Composition, Financial Reporting, and Shareholder Rights.   |
| <b>HSBC</b>      | Voting rights as this fund invests in equities.<br><br>The team-initiated 9 engagements across 8 companies on an ongoing basis over the year.                 | Climate Change, Financial Reporting, and Board Effectiveness.   |

**The Trustees are satisfied that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.**

### How do fund managers implement their votes?

The managers often make use of proxy voting to inform their decision making. The managers use the following organisations as proxies for their voting activity

| Manager     | Comment on approach   |
|-------------|---|
| <b>LGIM</b> | LGIM uses ISS to place its electronic votes through ISS ProxyExchange. LGIM have a custom voting policy in place to ensure their provider votes in accordance with their position on ESG. |

|                  |  |
|------------------|--|
| <b>BlackRock</b> | BlackRock uses ISS for vote instruction, and they also use proxy research firms for research purposes.   |
| <b>Schroders</b> | Schroders utilise company engagement, internal research, investor views, governance expertise and external research (from ISS and IVIS) when considering voting decisions. Schroders make use of a third-party proxy voting service.   |
| <b>HSBC</b>      | HSBC use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The bulk of holdings are voted in line with the recommendation based on their guidelines. |

### Review of policies

The Trustees have committed to reviewing the managers' responsible investment ('RI') policies on an ongoing basis. The review will consider managers' broader approach to RI issues and any change in approach by the managers over the period. The Trustees will also consider changes to their managers' voting policies.

The Trustees and their advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the managers' voting policies, remain suitable for the Plan.

### Ethical Investing

The Trustees recognise that some members may have strong views on where their pension savings should be invested. Nevertheless, the Trustees recognise that it is not possible to cater for everyone's views on non-financial/ethical matters.

The Trustees monitor developments in ethical investing funds which could be appropriate to the Plan's members and offer to provide DC members with investment options which are managed to ethical and faith-based criteria:

- the L&G Ethical UK Equity Index Fund; and
- the HSBC Amanah Global Equity Index Fund.

**The Trustees' approach to ethical investing has not changed during the last year.**

### Communication and member engagement

The Trustees' approach to communicating the Plan's investment options and investment governance have not changed during the last year.

The Trustees' current policy on member engagement is in outline:

- Effective member engagement will help develop suitable investment options;
- Member engagement is actively encouraged through a variety of means.

**During the last year, the Trustees followed the policies and practices described in the SIP.**

### More information

We hope this Statement helps you understand how the Plan's investment of your savings for retirement has been managed in the last year.

If you have any questions or feedback, please contact: [LQpensions@hymans.co.uk](mailto:LQpensions@hymans.co.uk)

## Appendix – LGIM, BlackRock, Schroders & HSBC's voting policies

### **Legal & General Investment Management**

[https://www.lgim.com/landg-assets/lgim/\\_document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf)

<https://www.lgim.com/uk/en/capabilities/investment-stewardship/>

### **BlackRock**

<https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

<https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf>

<https://www.blackrock.com/corporate/insights/investment-stewardship>

### **Schroders**

<https://mybrand.schroders.com/m/288a2441973f8237/original/Voting-Guidelines.pdf>

### **HSBC**

<https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/uk/policies/voting-guidelines-uk.pdf>