

# LPA Industries Limited Section of the Deloitte Pensions Master Plan

## Implementation Statement

For the year ended 31 March 2025

### Introduction

This Implementation Statement (the "Statement") has been prepared by the Trustees of LPA Industries Limited Section of the Pensions Master Plan (the "Section") to demonstrate how the Trustees have acted on certain policies within the Statement of Investment Principles ("SIP").

Each year, the Trustees must produce an Implementation Statement that demonstrates how it has followed certain policies within the Section's SIP over the year. This Statement covers the year from 1 April 2024 to 31 March 2025.

This Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit investments held by the Section.

Pension scheme trustees are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year.

### SIP Policies

This Statement should be read in conjunction with the Section's SIP covering the year under review, which provides details of the Section's investment policies along with details of its governance structure and objectives.

Over the past year the Section has continued to follow the strategy as per the Section's SIP, which was reviewed and updated to reflect the changes in the investment strategy in February 2023. There were no changes to the policies listed below over the year to 31 March 2025, including to ESG.

The Section's SIP to 31 March 2025 includes policies on:

- How "financially material considerations" including environmental, social and governance ("ESG") considerations are taken into account when making investment decisions for the Section.
- The extent to which non-financial matters are taken into account in the investment decision-making process.
- Stewardship and voting policy, including details on monitoring, and engaging with the investee companies in which they invest (and other relevant stakeholders) on relevant matters (including performance, strategy, capital structure, the management of actual or potential conflicts of interest, risks, corporate governance, and ESG).
- A policy on monitoring the Section's investment manager, particularly concerning financial arrangements, ESG factors and engagement.
- A policy covering the duration of arrangements with the Section's investment manager.

This Statement reviews the voting and engagement activities covering the 12-month period to 31 March 2025 and the extent to which the Trustees believe the policies within the SIP have been followed.

The Section was invested in pooled funds managed by LGIM (the "Investment Manager") over the year under review to 31 March 2025.

It is therefore the Investment Manager that is responsible for the policies on taking ESG considerations into account in the selection, retention, and realisation of investments within the pooled investment vehicles and for the exercise of rights (including voting rights) attaching to these investments.

The Trustees' policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Section's interests in the investments.

The Trustees expect the Investment Manager to engage with investee companies (and other relevant persons including, but not limited to, investment managers, and issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments. The Trustees believe that such engagement will protect and enhance the long-term value of its investments.

## Description of Equity Voting Behaviour

The Section invests in pooled funds, which means that the responsibility for exercising the voting rights of the shares held by the Section sit primarily with the Investment Manager, LGIM. LGIM manage over £1.2 trillion in assets, and use their resulting influence as investors, focussing their votes and engagement with organisations on climate change, income equality, diversity, and ESG integration.

The Section's voting behaviour over the Section year is summarised below.

The only investment held by the Section which carried voting rights during the year was the LGIM All World Equity Index Fund (Sterling hedged). The table below shows LGIM's voting summary covering the Section's investment in the LGIM All World Equity Index Fund (Sterling hedged) over the year to 31 March 2025.

LGIM All World Equity Index Fund – GBP Currency Hedged (£3.3m or c. 27% of total Section assets at 31 March 2025)	1 April 2024– 31 March 2025
Number of meetings LGIM was eligible to vote at over the year	6,611
Number of resolutions LGIM was eligible to vote on over the year	63,689
Of the eligible resolutions, percentage that LGIM voted on.	99.8%
Of the resolutions voted, percentage that LGIM voted <b>with</b> management.	79.5%
Of the resolutions voted, percentage that LGIM voted <b>against</b> management.	19.0%
Of the resolutions voted, percentage where LGIM <b>abstained</b> .	1.5%
Percentage of eligible meetings where LGIM voted at least once against management.	59.9%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	10.4%

Note: Totals may not sum due to rounding.

## Proxy Voting

The Trustees did not employ a proxy-voting service during the Section year to 31 March 2025.

LGIM votes by proxy as given the scale of its holdings, the manager cannot be present at all shareholder meetings to cast votes. LGIM votes by proxy through the Institutional Shareholder Services ('ISS') electronic voting platform. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

## How Voting and Engagement Policies Have Been Followed

The Trustees intend to review a summary of the voting and engagement activity taken on its behalf on a regular basis. The information published by LGIM on their voting policies has provided the Trustees with comfort that the Section's voting and engagement policies have been followed during the year to 31 March 2025.

As set out in the SIP, the Trustees expect the Investment Manager to engage with investee companies on aspects such as performance, strategy, risks, corporate governance, management of actual or potential conflicts of interest, capital structure, and social and environmental issues concerning the Trustees' investments.

Details of specific voting and engagement topics are shown in the following table.

Voting and Engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	✓	LGIM's voting, and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	<p>LGIM believe that board independence, diversity and remuneration can have a financially material impact on the assets it invests within, with the Board ultimately responsible for the strategy for any company that is invested in or held as a counterparty. LGIM has clear voting policies covering each of these topics and have acted on them throughout the Section year on behalf of the Trustees.</p> <p>In 2024, LGIM announced further enhancements to its DEI policy expectations that the underrepresented gender on the board should represent at least 40% of the directors on non-controlled company boards. LGIM has also extended these diversity policies in the US and UK to include ethnic representation on the board. LGIM ask that the largest companies in these two markets have at least one member from an ethnic minority background, and LGIM will apply voting sanctions to those that do not meet this requirement.</p> <p>This year, LGIM voted against the election of male chairmen due to a lack of gender diversity at a number of companies, including Alphabet Inc., Meta Platforms, Inc. and UnitedHealth Group Incorporated.</p>
Risks	✓	<p>LGIM has clear voting policies on ensuring that companies manage risk effectively and have robust internal controls.</p> <p>LGIM voted in favour of a resolution from Microsoft Corporation to report on AI Data Sourcing Accountability. A vote in favour was applied as LGIM recognises the company is facing increased legal and reputational risks related to copyright information associated with its data sourcing practices. Whilst LGIM acknowledges the strength of existing disclosures on related AI risks, LGIM believes shareholders would benefit from greater attention on the use of third-party information to train large language models.</p>
Social and Environmental impact	✓	<p>In 2024, LGIM's Climate Impact Pledge covered 55% of total corporate securities by value, and 82% of total carbon emissions attributable to L&amp;G's Asset Management business's corporate equity and debt holdings. The Climate Impact Pledge aims to hold directors to account for their management of climate risk. As a result, 37 companies were identified for voting sanctions and 2 more companies were added to LGIM's divestment list. For example, LGIM voted against Broadcom Inc. on the appointment of Henry Samueli as Director based on the company falling behind minimum climate risk management standards.</p> <p>In November 2024, LGIM published their Human Capital Management Policy, setting out their expectations of companies on how to manage their labour force.</p>
Conflicts of Interest	✓	<p>Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management).</p> <p>Over the period, LGIM voted against a one-off award for a non-executive officer at Tesla. The executive had received a large, time-based stock option upon promotion, over a period in which most non-executive officers received modest or no compensation. LGIM voted against the one-off award as it believes the approved and existing remuneration policy in place is sufficient to retain and motivate executives.</p>

<b>Corporate Governance</b>	✓	<p>The Trustees believe that the board's duty is to decide the appropriate company strategy, with the CEO in turn responsible for executing the strategy. For this structure to work effectively, the Trustees also believe that the appropriate governance structures need to be in place. Over 2024, LGIM have implemented stricter director independence criteria across the US and Japanese markets beyond the assessment undertaken by their proxy advisor. The criteria considers director independence in light of tenure on the board.</p> <p>LGIM also expect separation of duties between the board and the CEO. LGIM's policy from 2021 is to vote against all elections which combine the roles of CEO and Chair. LGIM continued to vote against electing directors of JPMorgan Chase &amp; Co, Johnson and Johnson, and Berkshire Hathaway Inc. alongside several others, in line with this policy.</p> <p>To ensure that each board is operating at an appropriate level, a 'board maturity' assessment is used to assess effectiveness, covering areas such as performance and company strategy.</p>
<b>Capital Structure</b>	✓	<p>LGIM has policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance. For example, LGIM has policies that newly issued shares should not expose minority shareholders to excessive dilution.</p> <p>LGIM also has policies that protect minority shareholder rights including "one share, one vote" to avoid the weakening of corporate governance as investors ability to influence and hold directors accountable would be reduced. As such LGIM against 258 companies with 'dual class' share structures in line with this voting policy over 2024.</p>

## Significant Votes

LGIM has provided details of its voting actions including a summary of the activity covering the year to 31 March 2025. The Trustees have adopted the manager's definition of significant votes and have not set stewardship priorities. LGIM has provided examples of votes it deems to be significant, and the Trustees have shown the votes relating to the greatest exposure within the Section's investment. There were no significant votes made in relation to the securities held within the LGIM Maturing Buy and Maintain Credit Funds, the LGIM Corporate Bonds Over 15 Years Index Fund, the LGIM All Stocks Index Linked Gilts Index Fund, the LGIM 5-15 Year Index-Linked Gilts Index Fund or the LGIM Sterling Liquidity Fund during the reporting period to 31 March 2025.

Example 1: LGIM All World Equity Index Fund – GBP Currency Hedged	
<b>Vote Details</b>	Microsoft Corporation, 10/12/2024
<b>Approximate size of fund's holding as at date of vote</b>	3.8% of LGIM All World Equity Index Fund (Sterling Hedged)
<b>Rationale for significance</b>	High Profile Meeting - LGIM considers this vote significant due to the relatively high level of support received.
<b>Voting decision</b>	LGIM voted in favour of the proposal for the company to report on AI Data Sourcing due to increased legal and reputational risks.
<b>Voting against management</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. Typically, it is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics. However, as noted above, LGIM pre-declared its vote intention for this resolution.

<b>Vote outcome</b>	Fail
<b>Next Steps</b>	LGIM will continue to engage with the investee company, publicly advocate its position on this issue and monitor company and market-level progress.

#### Example 2: LGIM All World Equity Index Fund – GBP Currency Hedged

<b>Vote Details</b>	Amazon.com, Inc, 22/05/2024
<b>Approximate size of fund's holding as at date of vote</b>	2.1% of LGIM All World Equity Index Fund – GBP Currency Hedged
<b>Rationale for significance</b>	LGIM acknowledges this resolution to be considered significant as it is one of the largest companies and employers in the world. LGIM believes that Amazon's approach to human capital management issue has the potential to drive improvements in its industry and supply chain.
<b>Voting decision</b>	LGIM voted in favour of Amazon reporting on customer due diligence.
<b>Voting against management</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. Typically, it is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics. However, as noted above, LGIM pre-declared its vote intention for this resolution.
<b>Vote outcome</b>	N/A
<b>Next Steps</b>	LGIM will continue to engage with the investee company, publicly advocate its position on this issue and monitor company and market-level progress.

## Engagement with Investee Companies

Exercising voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Section's fixed income, government bond, or cash investments as these investments do not always carry voting rights.

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practice. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while corporate bond mandates do not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM have on each company's practices.

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. LGIM's voting policies are reviewed annually and consider client feedback.

Over the 12 months to 31 March 2025, LGIM undertook 4,459 engagements with 4,210 companies. Some engagements cover multiple topics and LGIM have provided the following summary:

- 3,971 on environmental topics.
- 647 on social topics.
- 330 on governance issues; and
- 155 on other topics including finance and strategy.

The top five engagement topics included climate change, remuneration, human rights, deforestation, and climate mitigation.

LGIM now release fund specific engagement statistics. The following table summarising the engagements undertaken on a fund-by-fund basis. Statistics relating to the All-World Global Equity Fund (Sterling Hedged), the LGIM Corporate Bonds Over 15 Years Index Fund, and the Sterling Liquidity Fund relate to the year to 31 December 2024, as LGIM are yet

to publish updated reports. The statistics relating to the Maturing Buy & Maintain Funds relate to the year to 31 March 2025.

	Total Engagements	No. Unique Companies Engaged	Environmental Topics	Social Topics	Governance Topics	Other Topics
Maturing Buy & Maintain Credit Fund 2025-2029	279	151	174	63	71	34
Maturing Buy & Maintain Credit Fund 2030-2034	285	162	183	66	64	32
Maturing Buy & Maintain Credit 2035-2039	174	92	113	44	38	25
Maturing Buy & Maintain 2040-2054	201	112	136	47	47	28
All World Global Equity Fund – GBP Hedged	2,256	1,465	1,518	530	373	196
Corporate Bonds Over 15 Year Index Fund	63	23	42	12	19	24
Sterling Liquidity Fund	32	20	26	2	7	1

The remainder of the Section's assets are invested in index-linked government bonds with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Section's liabilities and a cash fund for liquidity purposes. LGIM have governance practices in place to capture key regulatory developments which might influence the future management and performance of these hedging assets.

## Extent to which Trustees Policies Have Been Followed

Having reviewed the actions taken by the Investment Manager over the year, the Trustees believe that its policies on stewardship and engagement have been implemented appropriately over the year and in line with its views as stated in the Section's SIP. The Trustees will continue to monitor the actions taken on its behalf each year.

If the Investment Manager deviate substantially from the Trustees' stated policies, the Trustees will initially engage and discuss this with Investment Manager, and if the Trustees still believe the difference between its policies and Investment Manager's actions are material, the Trustees will consider terminating and replacing the mandate if necessary.

### June 2025

For and behalf of the Trustees of the LPA Industries Limited Section of the Pensions Master Plan.

