

Legal Services Commission Staff Pension and Assurance Scheme (No 4) - Implementation Statement

Statement of Compliance with the Stewardship Policy for the Legal Services Commission Staff Pension and Assurance Scheme (No4) (“the Scheme”) for the year ending 31 March 2025.

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 Scheme’s Stewardship Policy during the period from 1 April 2024 to 31 March 2025.

Stewardship policy

The Trustees’ Stewardship (voting and engagement) Policy sets out how the Trustees will behave as an active owner of the Scheme’s assets which includes the Trustees approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engage with their investment managers and any other stakeholders.

The Scheme’s Stewardship Policy is reviewed on an annual basis in line with the Scheme’s Statement of Investment Principles (SIP) review which was last completed on November 2024.

There were no changes to the Stewardship Policy during the last year. Since the end of the Scheme year, both the SIP and Stewardship Policy have been reviewed and are in the process of being finalised.

You can review the Scheme’s Stewardship Policy which can be found within the Scheme’s Statement of Investment Principles, at: [230906-lsc-sip-clean.pdf](#)

The Trustees have also set RI beliefs and an associated RI policy and have delegated voting and engagement activity in respect of the underlying assets to the Scheme’s investment manager. The Trustees believe it is important that their investment manager takes an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company’s financial performance.

The Trustees own engagement activity is focused on their dialogue with their investment manager, which is undertaken in conjunction with their investment advisers. The Trustees meet regularly with their manager and the Trustees consider the manager’s exercise of their stewardship both during these meetings and through quarterly reporting provided by their manager.

The Trustees also monitor their compliance with their Stewardship Policy on a regular basis and are satisfied that they have complied with the Scheme’s Stewardship Policy over the last year.

Voting activity

The Trustees seek to ensure that their manager is exercising voting rights and, where appropriate, to monitor the manager’s voting patterns. The Trustees also monitor the investment manager’s voting on particular companies or issues that affect more than one company.

The Scheme invests in two equity funds managed by LGIM. The Trustees are satisfied that LGIM has voted in line with their house policy. The manager has reported on how votes were cast in these funds during the reporting period as set out in Table 1 below:

Table 1: LGIM voting data

Voting data	World Equity Index Fund - GBP Currency Hedged	Future World Fund
Did the manager employ the house voting policy in managing the fund?	Yes	Yes
Was use made of any proxy voting service during the year?	Yes – Institutional Shareholder Services (ISS) with custom voting policy and specific voting instructions.	Yes – Institutional Shareholder Services (ISS) with custom voting policy and specific voting instructions.
No. of meetings eligible to vote at during the year	2,928	1,696
No. of resolutions eligible to vote on during the year	35,761	21,789
% of resolutions voted	99.7%	99.6%
% of resolutions voted with management	79.1%	80.4%
% of resolutions voted against management	20.6%	19.3%
% of resolutions abstained	0.3%	0.3%
% of meetings with at least one vote against management	74.2%	70.6%
% of resolutions voted against proxy adviser	14.6%	14.9%

Significant votes

The Trustees have asked LGIM to report on the most significant votes cast within the two equity funds. Significant is defined as votes which are associated with the Scheme's RI priorities of:

- Climate Change
- Modern Slavery
- Board Composition

They were asked to explain the reasons why votes identified were significant, how they voted, any engagement they undertook with the company and the outcome of the vote.

LGIM have provided information across the equity funds on significant votes. We have summarised that information in table 2 in the Appendix.

Trustees' engagement activity with LGIM

Over the 12 months to 31 March 2025, the Trustees met with L&G twice in Q4 2024 and Q1 2025. The meeting in Q4 2024 provided an update on RI activities and focused on engagement in climate change, modern slavery and board composition. The board requested LGIM on topics where clarity was poor from last year, or where further information was required. In particular, topics of discussion were:

- Glencore and potential failure to meet minimum standards on climate risk management
- Tangible examples of L&G adherence to their Modern Slavery policy

- L&G's position relating to Board Composition, specifically relating to combination of board chair and CEO roles

The Trustees receive quarterly reporting on LGIM's engagement activity and ESG impact reporting including details on voting activity. Over the 12 months to 31 March 2025 LGIM carried out 4,459 engagements with underlying investee companies held in the equity funds. This represents a substantial increase from last year driven by LGIM's Climate Impact Pledge letter campaign. Engagements primarily focused on climate change, human right and deforestation.

Review of policies

The Trustees are committed to reviewing LGIM's RI policies on an ongoing basis. This considers the manager's broader approach to responsible investment issues, their voting policies and changes in approach by the manager over the year.

The Trustees and their advisors remain satisfied that LGIM's responsible investment policies and voting policies remain suitable for the Scheme.

Signed for and on behalf of the Trustees of the Legal Services Commission Staff Pension and Assurance Scheme No.4

Trustee

Name

Date

Appendix

Table 2: LGIM significant votes for the World Equity Index Fund - GBP Currency Hedged and Future World Fund

Date	Company	Subject (theme and summary)	Manager's vote and rationale	Outcome and why considered significant	Outcome in line with LGIM vote
24 Apr 24	Bank of America Corporation	Report on Clean Energy Supply Financing Ratio	Shareholder Resolution - Climate change: A vote FOR this proposal was applied. LGIM believe that banks and financial institutions have a significant role to play in shifting financing away from brown to funding the transition to green and as such voted in support of this resolution.	PASSED: LGIM expects the company to be undertaking appropriate analysis and reporting on climate change matters, as they consider this issue to be a material risk to companies. Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant as LGIM believes that banks and financial institutions have a significant role to play in shifting financing away from 'brown' to funding the transition to 'green'. LGIM expects companies to be undertaking appropriate analysis and reporting on climate change matters, as they consider this issue to be a material risk to companies.	Yes
18 Jul 24	SSE Plc	Approve Net Zero Transition Report	Climate Change: LGIM voted FOR the SSE Net Zero Transition Report. They commended the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting short and medium-term targets, in particular absolute scope 3 targets over the mid-term.	PASSED: LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress. Thematic - Climate: LGIM 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.	Yes

7 Jun 24	Alphabet Inc.	Elect Director John L. Hennessy	<p>Board Composition: A vote AGAINST is applied as LGIM expects a company to have at least one-third women on the board.</p> <p>Independence: A vote against is applied as LGIM 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.</p> <p>Independence: A vote against is applied as LGIM 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.</p> <p>Shareholder rights: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. LGIM expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.</p>	<p>PASSED: Average board tenure – LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p> <p>Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. Thematic - One Share One Vote: LGIM considers this vote to be significant as LGIM supports the principle of one share one vote.</p>	No
1 May 24	The Coca-Cola Company	Elect Director James Quincey	<p>Board Composition: A vote AGAINST is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>	<p>PASSED: LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p> <p>Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of combination of the board chair and CEO.</p>	No

9 Dec 24	Cisco Systems, Inc.	Elect Director Charles H. Robbins	Board Composition: A vote AGAINST is applied as LGIM expects companies to separate the roles of Chair and CEO.	PASSED: Significant due to risk management and oversight concerns. Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of combination of the board chair and CEO.	No
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