

Implementation Statement, covering the Scheme Year from 1 April 2023 to 31 March 2024 (the “Scheme Year”)

The Trustee of the Cancer Research UK Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme year by, and on behalf of the Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

We have omitted voting activity within the members’ holdings in Additional Voluntary Contribution (“AVC”) funds on materiality grounds.

In preparing the Statement, the Trustee has had regard to the [guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement](#), issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year, in November 2023, to reflect the Trustee’s voting and engagement policies relating to the Department of Work & Pensions’ guidance on Stewardship. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The Scheme’s only fund that holds equities is LGIM’s World Developed (ex-Tobacco) Equity Index Fund. LGIM’s engagement policy can be found on this web page: <https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf>. However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

The Trustee receives quarterly updates on ESG and Stewardship related issues from LCP. In addition, the Trustee reviews LCP’s responsible investment (RI) scores for the Scheme’s existing managers and funds on a regular basis, along with LCP’s qualitative RI assessments for each fund. The most recent of these reviews was in December 2023. These scores cover the approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP’s ongoing manager research programme, and it is these that directly affect LCP’s manager and fund recommendations. The manager scores are based on LCP’s Responsible Investment Survey 2022.

The Trustee was satisfied with the results of the review and no further action was taken. Managers that scored highly in LCP’s survey (including the Scheme’s managers) have robust policies on issues like climate-related risk and fair pay, can provide evidence of collaborating with other investors on engagement, and exercise all voting opportunities, including voting against management where relevant.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. During March 2023, the Trustee agreed three stewardship priorities: climate change, business ethics (with particular focus on diversity, equity, and inclusion), and human rights. The Trustee communicated these priorities with the managers during the Scheme Year.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities (LGIM's World Developed (ex-Tobacco) Equity Index Fund).

In addition to the above, the Trustee contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme year. None of the other funds that the Scheme invested in over the Scheme year held any assets with voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. An explanation provided by the Trustees' equity investment manager, Legal & General Investment Management (LGIM), of its voting processes is set out below:

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 all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also considers client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. 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. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receives from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what it considers are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

3.2 Summary of voting behaviour

A summary of voting behaviour for the entire the Scheme Year is provided in the table below.

	Legal & General Investment Management
Fund name	World Developed (ex Tobacco) Equity Index Fund - GBP Currency Hedged
Total size of fund at end of the Scheme year	£494.7m
Value of Scheme assets at end of the Scheme year (£ / % of total assets)	£0*
Number of equity holdings in the fund at end of the Scheme year	1,804
Number of meetings eligible to vote	2,005
Number of resolutions eligible to vote	27,228
% of resolutions voted	99.8%
Of the resolutions on which voted, % voted with management	78.2%
Of the resolutions on which voted, % voted against management	21.7%
Of the resolutions on which voted, % abstained from voting	0.1%
Of the meetings in which the manager voted, % with at least one vote against management	80.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	16.3%

*The Scheme fully disinvested from the equity fund in Q4 2023 whilst the remaining data in this table applies for the entire Scheme Year.

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who held listed equities over the period, is set out below.

Given the large number of votes that are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria¹ for creating this shortlist.

By informing their managers of its stewardship priorities in March 2023 and through its regular interactions with the managers, the Trustee believes that the manager now understands how they expect them to vote on issues for the companies they invest in on their behalf for this reporting period.

Commentary on the most significant votes over the period, from LGIM (the Scheme's asset manager that holds listed equities), is set out below. We have selected five significant votes. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management

¹ [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](https://plsa.co.uk/vote-reporting-template-for-pension-scheme-implementation-statement-guidance-for-trustees). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

Company	JPMorgan Chase & Co	Shell Plc	Amazon.com, Inc	Thermo Fisher Scientific Inc.	Toyota Motor Corp.
Date of vote	16-May-23	23-May-23	24-May-23	24-May-23	14-Jun-23
Summary of the resolution	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Approve the Shell Energy Transition Progress	Report on Median and Adjusted Gender/Racial Pay Gaps	Elect Director Lars R. Sorensen	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
Relevant stewardship priority	Climate Change	Climate Change	Business ethics (diversity)	Business ethics (diversity)	Climate Change
Approx size of the holding at the date of the vote (% of investment in the Fund)	0.7%	0.4%	1.7%	0.4%	0.3%
Why this vote is considered to be most significant	LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.	LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
Firm management recommendation	Against	For	Against	For	For
How LGIM voted	For	Against	For	Against	Against
Rationale for the voting decision	<i>"We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company."</i>	<i>"A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory."</i>	<i>"A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society."</i>	<i>"A vote against is applied as LGIM expects a company to have at least one-third women on the board and executive officers to include at least 1 female."</i>	<i>"A vote for this proposal is warranted, as LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment."</i>

Outcome of the vote and next steps	<p>Resolution failed.</p> <p>LGIM will continue to engage with its investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>Resolution Passed.</p> <p>LGIM continues to undertake extensive engagement with Shell on its climate transition plans</p>	<p>Resolution failed.</p> <p>LGIM will continue to engage with its investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>Resolution failed.</p> <p>LGIM will continue to engage with its investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>Resolution failed.</p> <p>LGIM will continue to engage with its investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>
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