

Gray's Inn Pension Scheme

Engagement Policy Implementation Statement for the year ended 1 March 2024

During the year ending 1 March 2024, the Scheme's investment policies were implemented in line with the principles set out in the Scheme's Statement of Investment Principles (SIP).

The SIP was reviewed and updated in August 2023 but there was no change to the Trustees' policy on responsible asset ownership as a result of this change so the information below covers the whole period.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager, Legal and General Investment management (LGIM) and to encourage the manager to exercise those rights in accordance with the Statement of Investment Principles. The Scheme invests through pooled fund arrangements and so acknowledges that the investment manager exercises those rights in accordance with their own corporate governance policies on behalf of all investors in its funds. In doing so LGIM takes account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustee has considered LGIM's stewardship activities in relation to the specific funds the Scheme holds having received specific training from LGIM on the topic. The Trustee reviewed LGIM's approach to stewardship and is comfortable with the activity taken on the Scheme's behalf.

The Trustee concludes that, based on these considerations, LGIM has followed the requirements of the SIP.

Voting behaviour

LGIM's voting decisions are made by their Investment Stewardship team and in accordance with their 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 the 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 ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their 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 we receive from ISS for UK companies when making specific voting decisions.

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

LGIM summarises its voting record across all markets each quarter. This information is available on request. The Trustee receives regular updates from LGIM in its quarterly reporting on these activities.

Examples of LGIM's engagement activities during the 12 months to 1 March 2024:

Active ownership, which is a broader topic than voting in isolation, forms a key part of how LGIM conducts responsible investing. This is reflected in the following activities conducted on behalf of the Scheme.

- Company engagement

- Using voting rights globally, with one voice across all active and index funds
- Addressing systemic risks and opportunities
- Seeking to influence regulators and policymakers
- Collaborating with other investors and stakeholders

The examples below demonstrate some of the specific initiatives undertaken by LGIM in this regard during the year.

LGIM Climate impact pledge – Expanding the scope in 2023

At LGIM, climate change and supporting a drive to net zero remain a priority. As such, LGIM has further expanded their dedicated climate engagement programme, the Climate Impact Pledge, by strengthening their climate expectations and red lines for investee companies, with the goal of accelerating progress towards net zero greenhouse gas (GHG) emissions globally. LGIM has expanded the scope of their climate engagement programme in three main ways:

1. **Increased the number of sectors:** In 2016, LGIM's first iteration of the Climate Impact Pledge covered 6 sectors. In 2020 this increased to 15 and LGIM has now expanded coverage to 20 sectors. These companies are responsible for the majority of global carbon emissions from listed companies and also have been identified as the most carbon-intensive sectors within our portfolio.
2. **Increased the number of companies covered by data driven assessment:** By publishing their climate ratings on their dedicated website, LGIM enables companies to verify their progress and identify areas in their climate disclosures and strategies which need improvement. There may be voting implications for those companies not meeting LGIM's minimum standards.
3. **Increased the number of companies subject to direct engagement from 60 to over 100 companies:** In October 2022, LGIM began their next cycle of direct climate engagement with selected companies. These companies are influential in their sectors, but not yet leaders on climate change and sustainability; LGIM believes they can and should embrace the transition to net zero carbon emissions in the next few years. Complementing their data-driven approach, this qualitative approach enables LGIM's stewardship team sector experts to conduct an in-depth assessment of each company, based on the framework set out in the net zero sector guidelines published on their website – the sector and net zero guides have also been updated further details are available on the website or on request. This engagement aims to help companies remove roadblocks and encourage progress. LGIM expects these in-depth engagement companies to meet their published sector-specific red lines. There are potential voting and divestment implications for companies not meeting these after a certain period of engagement.

Measuring and minimising methane emissions

Since 2021, LGIM has worked in partnership with the Environment Defense Fund ('EDF')¹. LGIM's work has been focused on transferred emissions and methane emissions, which have more than 80 times the warming power of carbon dioxide over a 20 year period. LGIM believe that reducing methane emissions can be a powerful and cost-effective way for oil and gas companies to make progress towards climate goals and manage regulatory and reputational scrutiny. LGIM also believe in the importance of collaborative work on this front, working through EDF with like-minded peers to exert pressure on oil and gas companies to be more transparent about the actions they are taking to measure and reduce methane emissions.

Policy dialogue

UK highlights: Social factors in pension investment decisions consultation

LGIM responded to the consultation by the Taskforce for Social Factors, a UK organisation which aims to support pension scheme trustees and the wider pensions industry in the consideration of social risks and opportunities. The consultation includes more than 30 recommendations about how social factors can be better incorporated into investment decisions.

¹ [About EDF+Business – EDF+Business](#)

International highlights: Japan climate and energy policy

LGIM are ramping up their climate policy engagement in Japan, where preparations for the next round of policy deliberations that determine the nation's mid-term climate and energy policies are underway. LGIM continue to advocate for Paris-aligned policies and that provide the right backdrop to enable Japanese businesses, once leaders in low-carbon technologies, to remain competitive.

NA100 Collaboration

LGIM has announced that it is a formal member of Nature Action 100 (NA100), a global investor initiative co-led by Ceres and the IIGCC (with support from Finance for Biodiversity and Planet Tracker). Focused on corporate engagement, NA100 aims to encourage greater corporate ambition and action on nature and biodiversity loss, by setting a common agenda and clear set of expectations for companies. 190 institutional investor participants – representing US\$23.6 trillion in assets under management or advice – have joined NA100 and will be participating in direct engagement with 100 companies through the initiative.

Joining NA100 is an important part of acting on the commitments LGIM has made regarding collaboration and knowledge-sharing under the Finance for Biodiversity Pledge, as set out in our biodiversity policy.

Company specific

Nucor Corp: decarbonisation

Under LGIM's Climate Impact Pledge they select c.100 'dial move' companies for an in-depth engagement, using their qualitative framework set out in their sector-specific guides². 'Dial-mover' companies are chosen on their size and potential to galvanize action in their sectors, reflecting their aim of driving market-level improvements.

LGIM were pleased to see that Nucor, one of their 'dial-mover' companies announced net-zero emissions commitments with interim targets and published a decarbonisation plan. Nucor is the largest steel producer in the US and among the top 20 in the world; steel is pivotal to the energy transition, being central to the auto industry and renewable energy infrastructure. This is a significant step for the company, in the past LGIM had voted against management at AGMs for failing to meet LGIM's expectations regarding decarbonisation progress.

² [Climate Impact Pledge](#)

Significant votes for the Scheme during the year

In determining significant votes, LGIM takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) and the Scheme's Statement of Investment Principles. 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
- Sanction vote as a result of a direct or collaborative engagement
- Vote linked to an LGIM engagement campaign

The Scheme was invested c.46.0% in LGIM's Multi-Asset Fund and c.11.9% in LGIM's Multi Asset Target Return Fund as at 1 March 2024. Significant votes for the Scheme in relation to these funds during the year to 31 March 2024 are summarised in the table below.

The Trustee deems this voting behaviour to be in line with the Scheme's stewardship priorities, which include but are not limited to climate change, biodiversity, diversity and ethnicity, remuneration and governance.

LGIM Multi-Asset Fund

Company Name	Details of Vote
Progolis Inc.	<p>Date of vote: 04/05/2023</p> <p>Approximate size of Fund's holding: 0.39%</p> <p>Summary of the resolution: Resolution 1j - To elect Director Jeffrey L. Skelton</p> <p>How LGIM voted: Against</p> <p>Rationale for voting decision: Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. 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. Diversity: A vote against is applied as the company has an all-male Executive Committee.</p> <p>Why was the vote significant? LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p>
Royal Dutch Shell Plc	<p>Date of vote: 23/05/2023</p> <p>Approximate size of Fund's holding: 0.56%</p> <p>Summary of the resolution: Resolution 25 - Approve the Shell Energy Transition Progress Update</p> <p>How LGIM voted: Against</p> <p>Rationale for voting decision:</p>

	<p>Climate change: 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 1.5°C trajectory.</p> <p>Why was the vote significant? 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 1.5°C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p> <p>Outcome of the vote: 80% of shareholders supported the resolution.</p>
Public Storage	<p>Date of vote: 02/05/2023</p> <p>Approximate size of Fund's holding: 0.15%</p> <p>Summary of the resolution: Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal</p> <p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Climate change: A vote for is applied as 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.</p> <p>Why was the vote significant? This shareholder resolution is considered significant due to the relatively high level of support received.</p> <p>Outcome of the vote: 35% of shareholders supported the resolution.</p>
Toyota Motor Corp	<p>Date of vote: 14/06/2023</p> <p>Approximate size of Fund's holding: 0.20%</p> <p>Summary of the resolution: Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement</p> <p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Climate Change: 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. We acknowledge the progress that Toyota Motor Corp has made</p>

	<p>in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified.</p> <p>Why was the vote significant? LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.</p> <p>Outcome of the vote: 15% of shareholders supported the resolution.</p>
Ferrovial SA	<p>Date of vote: 12/04/2023</p> <p>Approximate size of Fund's holding: 0.12%</p> <p>Summary of the resolution: Resolution 12 – Reporting on Climate Transition Plan</p> <p>How LGIM voted: Against</p> <p>Rationale for voting decision: Climate Change: While the company's efforts are to be commended, a vote against is applied as LGIM expects net zero commitments, rather than carbon neutrality commitments.</p> <p>Why was the vote significant? 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.</p>

How many meetings were you eligible to vote at over the year	9,301
How many resolutions were you eligible to vote on over the year	94,065
What % of resolutions LGIM voted on where eligible	99.79%
Of the resolutions on which LGIM voted, the % voted with management was	76.51%
Of the resolutions on which LGIM voted, the % voted against management was	23.17%
Of the resolutions on which LGIM voted, the % abstained was	0.32%

LGIM Multi-Asset Target Return Fund

Company Name	Details of Vote
American Water Works Company, Inc	<p>Date of vote: 10/05/2023</p> <p>Approximate size of Fund's holding: 0.18%</p> <p>Summary of the resolution: Resolution 5 – Oversee and Report a Racial Equity Audit</p> <p>How LGIM voted: For (against management)</p>

	<p>Rationale for voting decision: Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.</p> <p>Why was the vote significant? LGIM considers this shareholder proposal significant as we view racial and gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p>
SSE Plc	<p>Date of vote: 20/07/2023</p> <p>Approximate size of Fund's holding: 0.09%</p> <p>Summary of the resolution: Resolution 17: Approve Net Zero Transition Report</p> <p>How LGIM voted: For</p> <p>Rationale for voting decision: Climate change: A vote in favour is applied as 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.</p> <p>Why was the vote significant? 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 1.5°C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>
Eversource Energy	<p>Date of vote: 03/05/2023</p> <p>Approximate size of Fund's holding: 0.12%</p> <p>Summary of the resolution: Resolution 1.9 - Elect Director Joseph R. Nolan, Jr.</p> <p>How LGIM voted: Against</p> <p>Rationale for voting decision: Governance: 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>Why was the vote significant? LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).</p> <p>Outcome of the vote: 71% of shareholders supported the resolution.</p>
Amazon.com, Inc	<p>Date of vote: 24/05/2023</p> <p>Approximate size of Fund's holding: 0.03%</p> <p>Summary of the resolution: Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps</p>

	<p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Diversity: 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.</p> <p>Why was the vote significant? LGIM views racial and gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf..</p> <p>Outcome of the vote: 29% of shareholders supported the resolution.</p>
Alphabet, Inc	<p>Date of vote: 02/06/2023</p> <p>Approximate size of Fund's holding: 0.03%</p> <p>Summary of the resolution: Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share</p> <p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Governance: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.</p> <p>Why was the vote significant? This shareholder resolution is considered significant due to the relatively high level of support received.</p> <p>Outcome of the vote: 31% of shareholders supported the resolution.</p>

How many meetings were you eligible to vote at over the year	325
How many resolutions were you eligible to vote on over the year	3,246
What % of resolutions LGIM voted on where eligible	99.32%
Of the resolutions on which LGIM voted, the % voted with management was	74.60%
Of the resolutions on which LGIM voted, the % voted against management was	24.63%
Of the resolutions on which LGIM voted, the % abstained was	0.78%