

Implementation Statement for the year ending 30 June 2020

Statement of Compliance with the Pension and Assurance Scheme of the Land Securities Group of Companies Stewardship Policy for the year ending 30 June 2020

Introduction

This is the Trustee's statement prepared in accordance with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme's Stewardship Policy during the period from 1 July 2019 to 30 June 2020. This Implementation Statement is in respect of the Scheme's Statement of Investment Principles (SIP) that was in place as at 30 June 2020.

Stewardship policy

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

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Scheme's Stewardship Policy is reviewed on an annual basis in line with the Scheme's SIP review. The most relevant SIP for this review was completed on 27 September 2019. The latest version of the SIP was completed on 14 August 2020 and has been published on the Landsec [website](#).

The following changes were made to the Stewardship Policy during the last year:

- The Trustee will expect its investment managers to engage with key stakeholders to improve corporate behaviours, improve performance and mitigate financial risks;
- The Trustee will aim to monitor the managers' engagement activity annually and raise concerns with or challenge the managers where appropriate.



The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustee believes it is important that its investment managers take 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 Trustee's own engagement activity is focused on its dialogue with its investment managers which is undertaken in conjunction with its investment advisers. The Trustee meets regularly with its managers and the Trustee considers managers exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis and is satisfied that it has complied with the Scheme's Stewardship Policy over the last year. The Trustee has received and will continue to receive regular training on Environmental, Social & Governance (ESG) issues including climate change.

Investment managers

The Trustee has appointed the following investment managers to manage the Scheme's assets. All three managers are signatories to the PRI (Principles for Responsible Investment) and their Strategy & Governance ratings are shown in the table below.

Manager	PRI Ratings (2019)
Legal & General Investment Management (LGIM)	A+
BMO Global Asset Management (BMO)	A+
M&G Investments (M&G)	A+

The managers actively engage in climate issues and LGIM has an explicit climate impact pledge to support companies limit carbon emissions to net zero by 2050. LGIM are also a Tier 1 signatory of the 2012 Stewardship Code, which is relevant for equity mandates.

Voting activity

The Trustee expects its managers to use their voting rights on all material issues and monitors investment managers' voting on particular companies or issues that affect more than one company.

The Trustee has investment in equity assets through several different funds managed by Legal and General Investment Management ("LGIM"). LGIM has reported on how votes were cast in each of these funds as set out in the table below.



LGIM UK Equity Index Fund	
Proportion of Scheme assets	2.3%
No. of meetings eligible to vote at during the year	809
No. of resolutions eligible to vote on during the year	11562
% of resolutions voted	99.9%
% of resolutions voted with management	93.0%
% of resolutions voted against management	7.0%
% of resolutions abstained	0.0%
% of meetings with at least one vote against management	45.2%

LGIM North America Equity Index Fund	
Proportion of Scheme assets	5.4%
No. of meetings eligible to vote at during the year	725
No. of resolutions eligible to vote on during the year	8937
% of resolutions voted	99.7%
% of resolutions voted with management	74.5%
% of resolutions voted against management	25.5%
% of resolutions abstained	0.1%
% of meetings with at least one vote against management	92.7%

LGIM Europe (ex UK) Equity Index Fund	
Proportion of Scheme assets	1.7%
No. of meetings eligible to vote at during the year	477
No. of resolutions eligible to vote on during the year	8389
% of resolutions voted	99.9%
% of resolutions voted with management	82.3%
% of resolutions voted against management	17.3%
% of resolutions abstained	0.4%
% of meetings with at least one vote against management	74.2%



LGIM Japan Equity Index Fund	
Proportion of Scheme assets	0.9%
No. of meetings eligible to vote at during the year	510
No. of resolutions eligible to vote on during the year	6111
% of resolutions voted	100%
% of resolutions voted with management	86.0%
% of resolutions voted against management	14.0%
% of resolutions abstained	0.0%
% of meetings with at least one vote against management	67.1%

LGIM Asia Pacific (ex-Japan) Developed Equity Index Fund	
Proportion of Scheme assets	0.5%
No. of meetings eligible to vote at during the year	464
No. of resolutions eligible to vote on during the year	3322
% of resolutions voted	99.8%
% of resolutions voted with management	75.0%
% of resolutions voted against management	25.0%
% of resolutions abstained	0.0%
% of meetings with at least one vote against management	69.4%

LGIM Global Emerging Markets Equity Index Fund	
Proportion of Scheme assets	0.7%
No. of meetings eligible to vote at during the year	3094
No. of resolutions eligible to vote on during the year	26683
% of resolutions voted	99.4%
% of resolutions voted with management	79.2%
% of resolutions voted against management	19.5
% of resolutions abstained	1.4%
% of meetings with at least one vote against management	58.6%



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

- Board of Directors;
- Remuneration;
- Routine / Business and;
- Capitalisation.

Significant votes

The Trustee has asked LGIM to report on significant votes cast within the equity portfolio it manages on behalf of the Trustee. LGIM was asked to explain the reasons why votes identified were significant, how they voted, any engagement it had undertaken with the company and the outcome of the vote. From the manager report, the Trustee has identified the following votes as being of greater relevance to the Scheme:

Date	Company	Subject (theme and summary)	Manager's vote and rationale
07/05/2020	BARCLAYS	Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change Resolution 30 - Approve ShareAction Requisitioned Resolution	LGIM voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction. The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers. LGIM are particularly grateful to the Investor Forum for the significant role it played in coordinating this outcome. LGIM's focus is now to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. LGIM plan to continue to work closely with the Barclays board and management team in the development of their plans
27/05/2020	EXXON MOBIL	Resolution 1.10 - Elect Director Darren W. Woods	In 2019, under their annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, LGIM announced that they would be removing ExxonMobil from their Future World fund range, and would be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, they also announced they will be supporting shareholder proposals for an



			<p>independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, their voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.</p> <p>LGIM voted against the chair of the board as part of their 'Climate Impact Pledge' escalation sanction.</p>
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These are significant to the Scheme because of their relevance to climate risk.

Engagement activity

The Trustee receives information annually on their managers' engagement activity. The following summarises the key engagement activity for the 12-month period ending 30 June 2020 provided by the respective managers.

LGIM

At a firm-wide level, LGIM had 659 engagements with 557 companies over the period through a combination of face-to-face meetings, conference calls, emails and letters. The number of engagements in the areas of environment, social and governance is shown below. Remuneration, board composition and climate change were the top three topics of engagement.

BMO

For the Sterling Corporate Bond Fund, BMO had 128 engagements with 46 companies over the period predominantly through active private engagement on specific issues. The top five topics of engagement are shown in the table below.

Number of engagements	Area or topic engaged on
62	Labour standards
36	Climate change
34	Corporate governance
33	Environmental standards
14	Public health



M&G

Due to the nature of ABS investment, M&G's engagement with originators focuses on a variety of characteristics and include improving the structure of the deal from a creditor perspective. ESG factors are a consideration and M&G typically declines investing in deals where originators are still offering Libor linked mortgages or where the lender is charging exceptionally high interest rates to consumers. One recent example where M&G did not participate in a transaction based on negative ESG factors is a UK CMBS deal where M&G considered the disclosure regarding defective cladding remediation works to be inadequate. Examples of ESG criteria used in the assessment of investments are set out in the table below.

Environmental	Social	Governance
% of green receivables	% low income borrowers	View on management
% of assets in flood risk areas	Financial education provided?	Fines / regulatory issues at sponsor
	Underwriting & recovery practices	Data reporting / openness

Use of a proxy adviser

The Trustees' investment managers have made use of the services of the following proxy voting advisors over the Scheme year:

Manager	Proxy Advisor used
LGIM	ISS
BMO	ISS
M&G	ISS

Summary

All the Scheme's managers are signed up to the PRI and the Trustee is satisfied that they are implementing the Trustee's stewardship policy on its behalf. The Trustee will continue to seek improvement in its understanding of how its managers engage with companies and use its influence to drive positive change.