



## LondonWaste Ltd Pension Scheme – Implementation Statement for 2019 DB Regulations

Statement of Compliance with the LondonWaste Ltd Pension Scheme's Stewardship Policy for the year ending 31 December 2022.

### 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 & Engagement Policy during the period from 1 January 2022 to 31 December 2022.

### Stewardship policy

The Trustees' Stewardship & 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 & Engagement Policy is reviewed in line with the Scheme's Statement of Investment Principles (SIP) review which was last completed on 18/8/2020.

There were no changes to the Stewardship Policy during the last year.

You can review the Scheme Stewardship & Engagement Policy which can be found within the Scheme's Statement of Investment Principles, at

<https://www.londonenergytfd.com/sites/default/files/documents/LondonWaste-DB-Pension-Scheme-SIPP-2020.pdf>.

The Trustees 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 adviser. The Trustees meet regularly with their investment manager and the Trustees consider the manager's exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustees also monitor their compliance with their Stewardship & Engagement Policy on a regular basis and are satisfied that they have complied with the Scheme's 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 have investment in equity assets through the Schroders Life Diversified Growth Fund ("DGF"), with the equity allocation representing 32.6% of the DGF at 31 December 2022. Schroders have reported on how votes were cast as set out in the table below:

Diversified Growth Fund	
Proportion of Scheme assets*	30.0% (£7m)
No. of meetings eligible to vote at during the year	124
No. of resolutions eligible to vote on during the year	1,050
% of resolutions voted with management	91.5%
% of resolutions voted against management	8.1%
% of resolutions abstained	0.5%
% of meetings with at least one vote against management	33.9%

\*As at 31 December 2022

The resolutions which Schroders voted against management the most on over the Scheme year were mainly in relation to: executive remuneration; capital structure; corporate governance; and board of directors.

#### Significant votes

Schroders have reported on the most significant votes cast within the portfolios they manage on behalf of the Trustees. From the Schroders' report, the following votes are some of those identified as being of greater relevance to the Scheme.

Schroders considers a vote against management as a significant vote. The fund invests in a range of diversified growth asset classes, for which only the equities allocation comes with voting rights.

Date	Company	Subject and manager vote	Summary and rationale
4 March 2022	Apple Inc.	<ul style="list-style-type: none"> <li>Vote against executive compensation</li> </ul>	<ul style="list-style-type: none"> <li>Concerns around equity award design (i.e., vesting in full in the event of retirement) and magnitude</li> </ul>
25 March 2022	Toyo Tire Corp	<ul style="list-style-type: none"> <li>Vote against Director election</li> </ul>	<ul style="list-style-type: none"> <li>Concerns around a lack of independence on the board</li> <li>Lack of diverse representation on the board</li> </ul>
19 April 2022	HP Inc.	<ul style="list-style-type: none"> <li>Vote against auditor appointment</li> </ul>	<ul style="list-style-type: none"> <li>Concerns around excessive auditor tenure</li> <li>Lack of commitment to tender</li> </ul>
21 April 2022	Novatek JSC	<ul style="list-style-type: none"> <li>Vote against Director election</li> </ul>	<ul style="list-style-type: none"> <li>Voting against all resolutions at Russian companies during the Ukraine war</li> </ul>
08 June 2022	Caterpillar Inc.	<ul style="list-style-type: none"> <li>Vote against lobbying payments and policy</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders would benefit from additional of the company's direct and indirect lobbying and board oversight.</li> </ul>

08 September 2022	Euromoney Institutional Investor Plc	<ul style="list-style-type: none"> <li>Vote against cash acquisition of Euromoney Institutional Investor plc by Becketts Bidco Limited</li> </ul>	<ul style="list-style-type: none"> <li>Concerns over the terms of the acquisition</li> </ul>
02 November 2022	KLA Corporation	<ul style="list-style-type: none"> <li>Vote for a report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal</li> </ul>	<ul style="list-style-type: none"> <li>It's in the best interest of shareholders to better understand how the company is managing its transition</li> </ul>

#### Engagement activity

The Trustee receives periodic reporting on Schroders' engagement activity.

The following table summarises the key engagement activity for the Schroders Diversified Growth Fund for the 12-month period ending 31 December 2022.

Number of engagements	Topic engaged on
Schroders undertook 409 active engagements over the year to 31 December 2022. These topics are split across the ESG spectrum as follows: 56% environmental, 15% social, and 29% governance.	<p>In 2022 Schroders engaged mainly on remuneration, climate change, Board structure and environmental policy.</p> <p>Schroders seeks to support the management of investee companies and will publicly disclose where they vote against management.</p>

#### Use of a proxy adviser

Schroders have made use of the services of the following proxy voting advisors over the Scheme year:

Proxy Advisor used	Commentary
<ul style="list-style-type: none"> <li>Institutional Shareholder Services (ISS)</li> <li>Investment Association's Institutional Voting Information Services (IVIS)</li> </ul>	Schroders receive research from these advisors as part of a holistic approach to voting decision making.

#### Review of policies

The Trustees and their advisors remain satisfied that the responsible investment policies of the manager and the voting policies remain suitable for the Scheme.