

The King's Fund Staff Pension and Life Assurance Plan

Engagement Policy Implementation Statement for the year ending 31 March 2025

Introduction

The Trustees of the King's Fund Staff Pension and Life Assurance Plan (the 'Plan') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment manager.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 March 2025. This statement also describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustees, in conjunction with their investment consultant, appoint their investment manager and choose the specific pooled funds to use in order to meet specific policies. They expect their investment manager, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

The Trustees make decisions based on assessments about the financial and non-financial performance of underlying investments, including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Plan's performance) over an appropriate time horizon.

The Trustees' objective is that the financial interests of the Plan members is their first priority when choosing investments. The Trustees will take members' preferences into account if they consider it appropriate to do so.

Non-financial matters may be taken into account if the Trustees have good reason to think that the members would share the concern; and that the decision does not involve a risk of significant detriment to members' financial interests.

The Trustees have previously received training from their investment consultant and investment manager on ESG issues.

Stewardship - monitoring and engagement

The Trustees recognise that the investment manager's ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees acknowledge that the concept of stewardship may be less applicable to some of their assets, particularly for gilt investments. As such, the Plan's investments in these asset classes are not covered by this engagement policy implementation statement.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager and to encourage the manager to exercise those rights. The investment manager is expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the investment manager and expect the investment manager to use their discretion to maximise financial returns for members and others over the long term.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of the investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
LGIM	Yes	Yes

The Trustees have not set out their own stewardship priorities but follow those of the investment manager.

The Trustees will engage with the manager should they consider the manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the manager's own policies, or if the manager's policies diverge significantly from any stewardship policies identified by the Trustees from time to time.

If the Trustees find the manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

Investment manager engagement policies

The Plan's investment manager is expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

A link to the investment manager's engagement policy is provided in the Appendix.

The policy is also publicly available on the manager's website.

The latest available information provided by the investment manager (for mandates that contain public equities or bonds) covering the year ending 31 March 2025, is as follows:

Engagement			
	LGIM UK Equity Index	LGIM World (ex UK) Equity Index	LGIM World (ex UK) Equity Index (GBP Hedged)
Period	01/04/2024-31/03/2025	01/04/2024-31/03/2025	01/04/2024-31/03/2025
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		
Number of companies engaged with over the year	205	1037	1037
Number of engagements over the year	362	1589	1589

Engagement			
	LGIM Maturing B&M Credit 2025-2029	LGIM Maturing B&M Credit 2030-2034	LGIM Maturing B&M Credit 2035-2039
Period	01/04/2024-31/03/2025	01/04/2024-31/03/2025	01/04/2024-31/03/2025
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		

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Number of companies engaged with over the year	151	162	91
Number of engagements over the year	279	285	174

Exercising rights and responsibilities

The investment manager is expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustees have been provided with details of what the investment manager considers to be the most significant votes. The Trustees have not influenced the manager's definitions of significant votes but have reviewed these and are satisfied that they are all reasonable and appropriate.

The Trustees have selected the three votes affecting the largest asset holdings for inclusion in this statement. The Trustees did not communicate with the manager in advance about the votes they considered to be the most significant.

The investment manager publishes online the overall voting records of the firm on a regular basis.

The investment manager uses proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment manager but rely on the requirement for their investment manager to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers, covering equity voting rights for the year ending 31 March 2025, is as follows:

Voting behaviour	LGIM UK Equity Index	LGIM World (ex UK) Equity Index	LGIM World (ex UK) Equity Index (GBP Hedged)
Period	01/04/2024-31/03/2025	01/04/2024-31/03/2025	01/04/2024-31/03/2025
Number of meetings eligible to vote at	717	2,810	2,810
Number of resolutions eligible to vote on	10,134	33,434	33,434
Proportion of votes cast	100.0%	99.7%	99.7%
Proportion of votes for management	93.8%	77.9%	77.9%
Proportion of votes against management	6.2%	21.8%	21.8%
Proportion of resolutions abstained from voting on	0.0%	0.3%	0.3%

Trustees' assessment

The Trustees have undertaken a review of the investment manager's engagement policy including its policies in relation to financially material considerations.

The Trustees may also request the environmental, social and governance rating for each fund provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

The Trustees may also consider reports provided by other external ratings providers. The Trustees have reviewed the investment manager's policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices and reporting will continue to evolve over time.

Appendix

A link to the engagement policy for the investment manager can be found here:

Investment manager Engagement Policy

Legal & General Investment Management

<https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf>

Information on the most significant votes for each of the funds containing public equities as at 31 March 2025 is shown below:

LGIM UK Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Unilever Plc	Glencore Plc
Date of vote	21 May 2024	1 May 2024	29 May 2024
Approximate size of fund's holding (% of portfolio)	7.7	4.2	2.3
Summary of the resolution	Resolution 22: Approve the Shell Energy Transition Strategy	Resolution 4: Approve Climate Transition Action Plan	Resolution 12: Approve 2024-2026 Climate Action Transition Plan
How the fund manager voted	Against	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIMs policy not to engage with their investee companies in the three weeks prior to an AGM as LGIMs engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Climate change: A vote against is applied. LGIM acknowledged the substantive progress the company has made in respect of climate related disclosure over recent years, and they view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the	Climate change: A vote FOR the CTAP is applied as we understand it to meet LGIM's minimum expectations. 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 a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, they noted that the company has recently submitted near term 1.5 degree aligned scope 3	Climate Change: A vote against 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. While they noted the progress the company has made in terms of disclosure, they remain concerned over the company's thermal coal activities, as it remains unclear how the planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario.

	<p>Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, they expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, LGIM seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, they would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.</p>	<p>targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.</p>	
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	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 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.		

LGIM World (ex-UK) Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Amazon.com, Inc.	Alphabet Inc.
Date of vote	10 December 2024	22 May 2024	7 June 2024

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Approximate size of fund's holding (% of portfolio)	4.1	2.3	1.4
Summary of the resolution	Resolution 9: Report on AI Data Sourcing Accountability	Resolution 6: Report on Customer Due Diligence	Resolution 1d: Elect Director John L. Hennessy
How the fund manager voted	For	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIMs policy not to engage with their investee companies in the three weeks prior to an AGM as LGIMs engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	<p>Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.</p>	<p>Shareholder Resolution Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organization. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.</p>	<p>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. Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. 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. 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. Shareholder rights: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. LGIM expects companies to move to a one-share-one-</p>

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			vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.
Outcome of the vote	Fail	N/A	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant as one of the largest companies and employers not only within its sector but in the world, LGIM believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. LGIM voted in favour of this proposal last year and continue to support this request, as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for their products (RING doorbells and Rekognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. Despite this, Amazon's coverage and reporting of risks falls short of our baseline expectations surrounding AI. In particular, we would welcome additional information on the internal education of AI and AI-related risks.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they managed 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.

Information on the most significant engagement case studies LGIM participated in during the year ending 31 December 2024 (latest available) is shown below.

LGIM Firm-Level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	BHP Group	Yara International	Nippon Steel Corp

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Topic	Environment: climate change	Environmental: climate change	Environmental: climate change (Climate Impact Pledge)
Rationale	<p>The mining and diversified metals sector is an essential part of the energy transition. In order to support its transition plans, LGIM wants companies within the sector to meet their minimum expectations. BHP Group is the world's largest mining company. LGIM's expectations are centred around setting robust decarbonisation strategies, with tangible milestones and appropriate allocation of capital, emissions disclosure and targets, meaningful actions across the company's value chain to support decarbonization levers, as well as disclosure of approach to 'just transition' and lobbying activities mining and diversified metals sector produces minerals that are essential to the energy transition they believe that long-term, responsible investors, such as LGIM, can support these companies as they decarbonise.</p> <p>For their engagements with BHP Group, LGIM's specific objectives are as follows:</p> <ul style="list-style-type: none"> -Engage with BHP on its Climate Action Transition Plan before publication as part of LGIM's 'Say on climate' votes at mining companies and what they expect company transition plans to demonstrate in order for LGIM to support them. 	<p>LGIM has been a member of the ShareAction's Chemical Decarbonisation Investor Coalition since 2021, a collaboration aiming to engage with 13 leading European chemical companies, to encourage them to align their decarbonisation strategies with the goal of limiting global warming to 1.5C. The chemicals sector is responsible for over 6% of global GHG emissions and is crucial to a multitude of manufactured goods and industrial processes with 95% of manufactured products relying on this sector.</p> <p>The collaborative engagement has been focused on the following objectives:</p> <ol style="list-style-type: none"> 1. Set out and disclose a plan over the short, medium, and long term, with time-bound targets, to: <ol style="list-style-type: none"> a. phase in electrified chemical production processes b. increase energy consumption from renewable energy sources c. transition to emissions-neutral feedstocks d. phase out woody biomass from energy generation 2. Set scope 3 targets that are aligned with 1.5C (covering all relevant upstream and downstream emissions). 3. Explicitly commit to align capital expenditure plans with the objective of limiting global warming to 1.5C; and disclose future capital 	<p>Nippon Steel Corporation is the largest steel maker in Japan and one of the largest globally in terms of production. Traditional steelmaking processes are highly carbon intensive, and a shift to green steel will require a policy environment that supports a sufficient supply of low-carbon alternatives.</p> <p>Assessments undertaken by third-party data providers have demonstrated that Nippon Steel lags its peers on climate policy engagement disclosures, and in 2022 InfluenceMap named Nippon Steel as one of the most influential companies blocking climate policy action globally.</p> <p>Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate-critical sectors. LGIM selects roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. LGIM's in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the</p>

	<p>spending on new and existing assets. Engagement has been through a combination of letters outlining key requests from the coalition (which LGIM has co-signed over the years), followed by direct engagements with selected companies. As part of this coalition, LGIM also provided a joint submission to the SBTi on consultation for draft guidance for the chemical industry contributing to the development of the Chemicals Sector Target-Setting Criteria.</p>	<p>hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM's minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions). Under LGIM's Climate Impact Pledge, LGIM expects companies to disclose their climate-related lobbying activities, including trade association memberships, and explain the action they will take if the lobbying activities of these associations are not in line with the Paris Agreement. This has been LGIM's primary objective with Nippon Steel.</p>	
<p>What the investment manager has done</p>	<p>BHP Group is one of the biggest mining companies in the world. In 2021, the company put its first Climate Transition Action Plan (CTAP) to the vote. LGIM voted against the approval of this plan, as it did not meet their expectations. However, since then, LGIM have met with BHP several times (six times in 2024 alone), including with the company CEO, CFO and Chair. The aim of LGIM's engagements was to provide feedback on BHP's 2024 CTAP and ensure that it met the requirements of their updated assessment framework. Having published their updated expectations of mining company transition plans in Q3 2024, LGIM made their expectations clear. In line with LGIM's methane strategy</p>	<p>Following a three-year engagement, in December 2024, LGIM met (as part of the coalition) with Yara International's CEO for the first time to discuss their upcoming transition plan and capex strategy. This engagement was in response to a shareholder resolution filed by ShareAction and four coalition investors, which LGIM voted in favour of at Yara's 2024 AGM. The objective of the engagement was to continue dialogue with the company to include ambitious scope 3 targets and implementation plans in its upcoming Transition Plan, which is due to be published in 2025. The aim was to clearly convey the</p>	<p>LGIM had been engaging with Nippon Steel for many years and specifically through LGIM's Climate Impact Pledge since early 2022, the same year in which they added the 'red line' related to climate-related lobbying. The company failed to meet this criterion, so LGIM made it the focus of their engagement with them for 2023, and expanded their engagement to work collaboratively with other investors to increase their influence. Despite several meetings with the company, the disclosures provided so far have not met LGIM's expectations. Given the significant role that Nippon Steel has in</p>

	<p>objective, a letter has been sent to the chairman of BHP group addressing BHP's coal methane emissions. Levels of individual typically engaged with include the Chair and CEO.</p> <p>LGIM welcomed the robust and constructive engagement they enjoyed with BHP this year. It was clear that BHP had made significant strides in improving its CTAP since it put the inaugural one to the vote in 2021. Its plan demonstrates substantial alignment with LGIM's assessment framework, and they believe that it's important that investors recognise progress when it occurs.</p> <p>LGIM was able to vote in favour of the CTAP at the company's 2024 AGM, and they pre-declared their support.</p>	<p>coalition's expectations to Yara's leading executive during a pivotal period of planning.</p> <p>In terms of escalation, in the company's 2024 AGM, LGIM voted in favour of a shareholder resolution requesting that the company set science-based goals to cut scope 3 emissions in line with limiting global warming to 1.5 degrees.</p>	<p>influencing Japanese policy, as well as LGIM's intention to increase focus on demand-side engagement, LGIM co-filed, together with the Australasian Centre for Corporate Responsibility ('ACCR'), a shareholder proposal asking the company to:</p> <p>Disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally, including its own direct lobbying and industry association memberships, and review these for alignment with the Company's goal of carbon neutrality by 2050 and explain the actions it will take if these activities are determined to be misaligned.</p> <p>Levels of individual typically engaged with at the company include head of investor relations and the head of sustainability.</p>
<p>Outcomes and next steps</p>	<p>The fact LGIM were able to support BHP Group's Climate Transition Action Plan demonstrates the progress the company has made, and how far it aligns with LGIM's expectations.</p> <p>Going forwards, LGIM will assess the disclosure of progress on BHP's plans for development of a more targeted methane measurement, management and mitigation strategy, as well as plans to support the decarbonisation of steelmaking. They will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal.</p>	<p>In terms of next steps, LGIM will monitor Yara's progress in this regard and analyse their forthcoming Transition Plan. This will determine the future direction and objectives of their engagement.</p> <p>LGIM considers the objectives set out above to be in progress.</p>	<p>LGIM were pleased to see that their shareholder resolution (Resolution 8) achieved 27.98% support, sending a strong message to the company's board that investors expect greater transparency on climate-related policy engagement activity. This was also one of the highest levels of support recorded for a climate-related shareholder resolution in Japan.</p> <p>2024 (and Q1 2025) was pivotal for Japan as the country is scheduled to update its key climate and energy policies. The</p>

choices made will determine the direction of its mid-term decarbonisation strategy and the results underscore the scale of investor attention on politically influential companies like Nippon Steel. LGIM will continue engaging with the company and expect to see their board address investor expectations and enhance accountability and transparency in its efforts to influence these policies as they take shape.

In terms of LGIM's objective for this engagement, having undertaken the engagements and escalations set out above, LGIM would describe the status as "in progress".
