

Implementation Statement

Clifford Chance Pension Scheme

Purpose of this statement

This Implementation Statement has been prepared by the Trustee of the Clifford Chance Pension Scheme ("the Scheme") and relates to the Money Purchase section of the Scheme. It covers the Scheme year to 30 April 2025 and provides information on:



The extent to which the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year;



A summary of the voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes;



A summary of any changes to the Statement of Investment Principles (SIP) over the period; and



A description of how the Trustee's policies, included in their SIP, have been followed over the year.

As at 30 April 2025 the Trustee maintained two separate SIPs for the Scheme covering the Final Salary and Money Purchase sections respectively. This Implementation Statement provides details in relation to the Money Purchase section only. A separate Implementation Statement has been provided for the Final Salary section.

The voting behaviour is not given over the Scheme year end to 30 April 2025 because investment managers only report on this data quarterly, therefore the Trustee has provided the information over the year to 31 March 2025.



Conclusions

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's policies on exercising rights (including voting rights) and engagement activities. The Trustee is supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which the investment managers hold shares.

Stewardship policy

The Trustee's SIP in force at 30 April 2025 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. The SIP was reviewed and updated in September 2024 to incorporate wording in relation to the Trustee's policy on investing in illiquid assets, and has been made available online here:

[https://pensioninformation.aon.com/cliffordchance/fileviewer.aspx?FileID=14376&FileName=2024%2009%20DC%20SIP%20\(Clifford%20Chance\)%20v2.0.pdf](https://pensioninformation.aon.com/cliffordchance/fileviewer.aspx?FileID=14376&FileName=2024%2009%20DC%20SIP%20(Clifford%20Chance)%20v2.0.pdf)

At this time, the Trustee has not set stewardship priorities/themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations to its investment managers.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The majority of the Money Purchase section's assets are invested in Legal and General's (L&G's) range of Target Date Funds (TDFs) which are managed exclusively by Legal & General Investment Management (L&G). The TDFs use a blend of underlying pooled funds, also managed by L&G, and target five-year retirement windows (referred to as vintages). As pooled investment funds, the Trustee delegates responsibility for carrying out voting and engagement activities to L&G.
- For the other Money Purchase assets that were held over the year, with Aviva, Clerical Medical (now Scottish Widows) and Utmost Life and Pensions, the Trustee has taken a proportionate approach to the disclosures, as the assets under management are relatively small compared to the Final Salary section assets and the Money Purchase assets invested with L&G. Therefore, the Trustee has decided not to obtain specific fund-level information on voting behaviour for these assets and has instead provided an overview of voting behaviour at provider level.
- The Trustee understands the importance of carrying out periodic reviews of the voting and engagement information of its investment managers to ensure they align with its own policies. The Trustee undertook an initial review of the stewardship and engagement activities of the current managers at its February 2024 meeting and was satisfied that its policies were reasonable, and no remedial action was required at that time.
- The Trustee obtained training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
- The Trustee reviewed the voting policies of L&G and was satisfied with its approach to exclude controversial weapons, adult entertainment, gambling, oil sands, thermal coal and tobacco. The Trustee also agrees with L&G's stewardship priorities, focus on material issues that are not only important to its clients but also those that pose a risk to the long-term value of its assets. This includes Climate change, human rights, health etc.

How the SIP has been followed over the year

In the Trustee's opinion, the SIP has been followed over the year in the following ways:

Objectives and Policy for Securing Objectives

- *To ensure that in setting the investment strategy of the Money Purchase section of the Scheme, the Trustees primary objectives are:*
 - 'asset choice' to ensure members have an appropriate choice of assets for investment.
 - "return objective" to enable members to benefit from investment in "growth" assets until they approach retirement, when they will be able to switch to "matching" assets which are more related to the format of the benefits they are expected to take at retirement.

The Trustee provided a range of investment options throughout the Scheme year for the members to invest their Money Purchase savings. The funds offered included TDFs, which automatically switch the investment into lower risk investments as the member nears their retirement age. Additionally, members

have been provided with access to equity, multi-asset (including With Profits), annuity aware and cash funds, which therefore ensures members have an appropriate choice of assets for investment.

Choosing Investments

- *To ensure the investment options offered to members of the Money Purchase section are deemed appropriate, given the profile of the membership. Also to act in the best financial interest of the scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk*

The Trustee has appointed L&G as the Scheme's primary Defined Contributions provider, which provides a range of funds available for members to invest in through the L&G platform. This has been expanded to provide suitable like for like funds to members who transferred funds from the legacy Voluntary Contribution ("VC") arrangements. A summary of the investment options available is set out in the SIP.

The Trustee has also set a 'default' investment strategy, which considered:

- The need for appropriate diversification of asset classes.
- The differing investment priorities for members, dependent on their term to retirement.
- The format in which members are expected to take their benefits.

The Balance between Different Kinds of Investments

- *Recognising that the key source of financial risk arises from the fund selection for the Money Purchase section*
- The Trustee ensures that the asset allocation changes over time as the membership profile evolves with continuous observation. This is evident in the update to the SIP in September 2024, to incorporate a policy on illiquid assets. The Trustee has made no new manager appointments over the year.

Implementation of the investment arrangements

- *To obtain and consider proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriate investments*

Over the year, the Trustee monitored the L&G funds via quarterly monitoring reports provided by the investment manager, along with bi-annual reports provided by the Trustee's previous Money Purchase section investment adviser (Barnett Waddingham).

Additionally, the performance of the Money Purchase section's funds has been reviewed and compared against suitable industry benchmark performance figures. The latest review of these funds was discussed at the March 2025 Trustee meeting.

An annual assessment of whether the members of the Scheme receive 'good value' for the costs and charges that they take on, is included within the annual Chair's Statement. A 'value for members' assessment was conducted for the reporting period of 1 May 2024 to 30 April 2025.

Investment Risk Measurement and Management

- *Recognising that risk in a defined contribution scheme lies with the member themselves*

The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members, and in setting the default investment strategy for the L&G and Utmost Life and Pensions arrangements. This is covered in sections above.

Expected Returns on Assets

- *Assess the returns achieved by the fund managers, within the Money Purchase section, against performance benchmarks set by the Trustee in consultation with the advisers and fund managers.*

Over the Scheme year, the Trustee monitored the investment performance of the Scheme's unit-linked Money Purchase funds against suitable benchmarks. Performance was broadly in line with the respective benchmarks for most funds. However, the Trustee has concerns around the performance of the default relative to other default options available in the market. Therefore, the Trustee is considering the investment performance in the context of the value provided by L&G to members through the existing DC service.

Realisation of Investments/Liquidity

- *Recognising the risk in holding assets that cannot be easily realised should the need arise.*

All of the funds held in the Money Purchase section are daily dealt and therefore realisable at short notice through the sale of units in pooled funds. However, the redemption of any With Profits holdings at any time other than the maturity date of the policy (or in the event of death) may result in the application of a market value reduction.

Consideration of financially material and non-financial matters

- *To consider how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members*

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate where relevant to financial performance. ESG credentials was also one of the factors that led to L&G's appointment as the Scheme's main defined contribution provider.

The Trustee considers the responsible investment policies and practices of L&G, as the main pooled investment manager to the Money Purchase section. This includes the degree to which ESG factors are integrated through the range of investment options provided through the Money Purchase section.

The Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments, but does offer an ESG fund to members as a self-select fund.

Stewardship

- *Recognising its responsibilities as owners of capital and believing that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments*

The Trustee has delegated the exercise of rights attached to investments to its investment managers. This includes voting rights, engagement with issuers of debt and equity and other relevant persons about relevant matters including the strategy, risk, performance and any ESG considerations.

The voting behaviour of the investment managers is set out below in the 'Voting Data' section.

Costs & Transparency

- *To understand all the different costs and charges, which are paid by the members*

The Trustee collects details of the costs and charges borne by members invested in the Money Purchase section funds and, where possible, reports these in the annual Chair's Statement. As discussed above, the Chair's Statement also includes a section that assesses whether the members receive 'good value' for these costs and charges that they take on.

The most recent copy of the Chair's Statement can be found in the Trustee Report and Accounts but also online at:

<https://pensioninformation.aon.com/cliffordchance>

**Prepared by the Trustee of the Clifford Chance Pension Scheme
17 September 2025**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's portfolio on behalf of the Trustee over the year to 31 March 2025, as investment managers only provide data quarterly. The table includes the voting data for the underlying L&G funds with material Scheme assets invested and for which voting activity is relevant i.e. the funds that make up the TDFs and have at least some equity exposures.

Manager	L&G	L&G	L&G
Fund name	Diversified Multi-Factor Equity Fund	Future World Multi-Asset Fund	Retirement Income Multi-Asset Fund
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
No. of eligible meetings	1,492	9,545	10,467
No. of eligible votes	17,980	96,018	106,186
% of resolutions voted	99.7%	99.8%	99.8%
% of resolutions abstained ¹	1.2%	0.8%	0.8%
% of resolutions voted with management ¹	80.4%	76.8%	77.3%
% of resolutions voted against management ¹	18.4%	22.4%	21.9%
% of resolutions voted against proxy voter recommendation ¹	13.6%	14.0%	13.7%
Proxy voting advisor employed	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G, and L&G does not outsource any part of the strategic decisions. To ensure L&G's proxy provider votes in accordance with their position on ESG, L&G have put in place a custom voting policy with specific voting instructions.		

¹ As a percentage of the total number of resolutions voted on

The table below provides links to the policies from the investment managers of the Scheme's Additional Voluntary Contribution (AVC) arrangements.

Provider	Link to Policy
Clerical Medical and Scottish Widows	Please refer to Scottish Widows' stewardship report here and its Responsible Investment and Stewardship framework here
Utmost Life and Pensions	Please refer to Utmost Life and Pensions (JP Morgan Asset Management's) 2024 stewardship policy here
Aviva	Please refer to Aviva's voting policy here and its responsible investment policy here

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustee has not set stewardship priorities for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

As with last year, for this year’s implementation statements the Trustee has delegated to the investment manager(s) to define what a “significant vote” is. L&G is continuing to evolve its approach to provide clients with access to significant vote information, however at present L&G’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 L&G’s annual Stakeholder roundtable event, or where L&G notes a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an L&G engagement campaign, in line with L&G Investment Stewardship’s 5-year ESG priority engagement themes.

L&G publicly discloses its vote instructions on its website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

L&G has provided a selection of votes which it believes to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes from each fund, which cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

L&G, Diversified Multi-Factor Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	Walmart Inc.	Consolidated Edison, Inc.	T-Mobile US, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.40%	0.35%	0.35%
Summary of the resolution	Resolution 7: Establish a Company Compensation Policy of Paying a Living Wage.	Resolution 1a: Elect Director Timothy P. Cawley	Resolution 1.13: Elect Director Teresa A. Taylor
How the manager voted	For (against management recommendation)	Against (against management recommendation)	Against (against management recommendation)
If the vote was against management, did the	L&G publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is L&G’s policy not to engage with its investee		

	Vote 1	Vote 2	Vote 3
manager communicate their intent to the company ahead of the vote?	companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Shareholder resolution - Income Inequality: L&G deemed that a vote for is warranted as L&G would encourage the company to establish a compensation policy that ensures employees earn a living wage. This is because paying a living wage may reduce the potential negative financial impacts that stem from low worker morale/poor health/absenteeism/presenteeism, high staff turnover etc.	Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Diversity: A vote against is applied as L&G expects a company to have at least one-third women on the board.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	L&G will continue to engage with their investee companies, publicly advocate L&G's position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant as L&G has been engaging with Walmart on the topic of living wages for several years, and in 2023 L&G launched their income inequality engagement campaign which targeted 15 of the largest global food retailers asking them to set out their policy on living wages for workers within their own operations and their supply chain. Walmart, as the largest food retailer in the world, is part of this campaign. While the company has improved on some areas of our requests in terms of training opportunities, the company does not have a policy on the living wage, and its minimum wage of \$14 per hour for store employees is much less than the living wage, which is around \$25 per hour.	Thematic - Board Leadership: L&G considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	Thematic - Diversity: L&G views gender diversity as a financially material issue for our clients, with implications for the assets L&G manages on their behalf.

L&G, Future World Multi-Asset Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Prologis, Inc.	Unilever Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.61%	0.46%	0.41%
Summary of the resolution	Resolution 9: Report on AI Data Sourcing Accountability	Resolution 1a: Elect Director Hamid R. Moghadam	Resolution 4: Approve Climate Transition Action Plan
How the manager voted	For (against manager recommendation)	Against (against manager recommendation)	For (with manager recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	<p>Shareholder Resolution - Governance</p> <p>L&G deemed that a vote for 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>Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>	<p>Climate change:</p> <p>L&G deemed that a vote for is warranted as L&G believes it meets L&G'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, L&G note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. L&G therefore remain supportive of the net zero trajectory of the company at this stage.</p>
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.	Thematic - Board Leadership: L&G considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO	Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. L&G expect transition plans put forward by companies to be both ambitious and credibly

	Vote 1	Vote 2	Vote 3
		(escalation of engagement by vote).	aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.

L&G, Retirement Income Multi-Asset Fund

	Vote 1	Vote 2	Vote 3
Company name	Toyota Motor Corp	National Grid Plc	NextEra Energy, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.25%	0.21%	0.18%
Summary of the resolution	Resolution 1.1: Elect Director Toyoda, Akio	Resolution 17: Approve Climate Transition Plan	Resolution 1f: Elect Director John W. Ketchum
How the manager voted	Against (against management recommendation)	For (with management recommendation)	Against (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is L&G's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		

Rationale for the voting decision	<p>Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. L&G would like to see all companies have a third of the board comprising truly independent outside directors.</p> <p>Diversity: A vote against is applied due to the lack of meaningful diversity on the board. Climate Impact Pledge: A vote against is warranted as L&G believe there is still a disconnect in Toyota's stated climate ambitions and its current multi-pathway strategy. L&G encourage Toyota to further develop disclosures that more clearly articulate how it intends to support a global transition to zero emission</p>	<p>Climate Change: L&G is voting in favour of the National Grid Climate Transition plan. L&G commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science-based targets. L&G also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.</p>	<p>Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>
--	--	--	--

	Vote 1	Vote 2	Vote 3
	<p>vehicles and net zero emissions.</p> <p>Accountability: A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. Additionally, a vote against Mr Toyoda is warranted because, as a long-time top executive, Mr Toyoda should be considered ultimately accountable for a spate of certification irregularities within the Toyota Motor group. L&G are concerned that previous and current issues concerning legal certifications processes and safety requirements are indicative of a corporate culture that is not being amended to meet stakeholder expectations and legal requirements. For this reason, Mr Toyoda must be held accountable until appropriate remediation measures are taken.</p>		
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	L&G will continue to engage with the company, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	<p>Thematic - Diversity: L&G views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</p> <p>Thematic - Climate: L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors.</p>	<p>Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. L&G expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.</p>	<p>Thematic - Board Leadership: L&G considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.</p>

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's bond and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	L&G	L&G	L&G
Fund name	Diversified Multi-Factor Equity Fund	Future World Multi-Asset Fund	Retirement Income Multi-Asset Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	1,039	3,396	3,621
Number of entities engaged on behalf of the holdings in this fund in the year	609	2,490	2,677
Number of engagements undertaken at a firm level in the year	4,459	4,459	4,459

L&G publishes firm level data quarterly via its ESG Impact Reports. These reports can be found on the following website: www.lgim.com/uk/ad/responsible-investing/.

Over the Plan year, L&G engaged with investee companies across a wide spectrum of issues and these engagements have been broken down into the following broad categories;



(Source: L&G's ESG Impact Reports Q2 2024 – Q1 2025. Total sums to greater than 4,459 as some engagements fall under multiple categories.)

Of these engagements, the most frequent topics covered the following:

- Climate Change
- Human Rights
- Deforestation
- Remuneration
- Strategy
- Climate Mitigation

Examples relating to L&G's engagement activity are provided in the below extracts which have been taken from its Q1 2025 ESG Impact Report.

Environmental – Climate: Pemex

As one of the largest oil and gas companies by refining capacity, with significant production of crude oil and natural gas, Petroleos Mexicanos (Pemex) is a company that L&G believe is critical in Mexico's energy security and has a significant influence, particularly in South America, over the decarbonisation of the oil and gas industry and the realisation of financial opportunities from the energy transition. L&G publish their expectations of oil and gas companies regarding the energy transition as part of their Climate Impact Pledge engagement programme. One area L&G particularly emphasise in this case study is Pemex's management of methane emissions which have been an area of concern across their supply chain. Methane emissions have more than 80 times the warming power of carbon dioxide over a 20-year period, making reduction crucial to achieving climate-change goals. L&G 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.

L&G have been a contributing investor to the CA100+ engagements with Pemex since 2023. In helping to establish a productive dialogue between the company and its investors, L&G encouraged the company to take a number of steps towards clear disclosures, oversight of climate risk at board level, and the setting of ambitious but achievable climate targets. Following successive engagements, in what L&G view as a significant step, the company published its first Sustainability Plan, setting out clear targets for emissions reduction, enhanced disclosure (aligned with TCFD and ISSB recommendations), allocation of capital towards achieving climate goals, and addressing methane emissions within their operations.

The publication of Pemex's first Sustainability Plan demonstrates, L&G believes, positive commitments regarding emissions reduction targets, disclosures, capital allocation and managing and mitigating methane emissions risks. The strength of these commitments and their endorsement by Pemex's CEO demonstrate a connected and serious approach to tackling these crucial issues. In addition to continuing this collaborative engagement with the CA100+, L&G will also continue their work on methane emissions with EDF. Having strengthened their expectations in 2024 for oil and gas companies regarding methane emissions disclosure, this will continue to be an area of focus for L&G across the sector more broadly, as they seek to encourage companies to realise the potential for value creation along their journey to net zero.

Deforestation- UK policy engagement

L&G are active members of the Investors Policy Dialogue on Deforestation (IPDD). This collaboration was established in 2020 and is an investor-led sovereign engagement initiative that aims to halt deforestation.¹³ Through our membership and participation, L&G contribute to discussions, research and engagements with governments in countries that are vulnerable to deforestation, contributing to policy dialogue. L&G's Asset Management business co-chairs a working group established by the IPDD. This group will engage on the deforestation-free commodity regulations being debated and implemented in the UK, US, Europe and latterly China.

Following the introductory IPDD letter sent to the UK Department for Energy Security and Net Zero (DESNZ) in October 2024, members of the IPDD Consumer Countries working group met with Minister for Climate, Kerry McCarthy and other DESNZ representatives in January 2025. IPDD members, including L&G, shared views on the importance of addressing deforestation, key barriers and opportunities, and how institutional investors can support government dialogues on this topic.

Looking ahead, COP30 is scheduled to take place in Brazil, heightening the prominence of deforestation within the overall climate change agenda. L&G plan to continue their work through the IPDD to raise awareness of the importance of this issue to investors, and to work with their peers to formulate recommendations. L&G's thematic framework helps align their policy and corporate engagement activities.

Governance – Timing of annual disclosures in Japan

On 28 March, the Japan Financial Services Agency (FSA) requested all 4,000 listed companies in Japan to publish their annual securities reports (Yuho) before their AGMs. The Yuho contains the fully audited financial statements and other important governance and sustainability related information, which investors need to make informed voting decisions. However, more than 90% of Yuhos are currently published the day of or a few days after the AGM.

L&G's work on this topic over the years has ranged from direct and collective engagements, speaking with media, and making their views clear through the L&G blog. The most recent examples from this quarter include meetings with the FSA, Tokyo Stock Exchange, and the Ministry of Economy, Trade and Industry (METI) arranged by International Corporate Governance Network (ICGN) where they were given the opportunity to lead the conversation on behalf of fellow members on this topic. L&G also contributed to an open letter ("Prioritization of Annual Reports before AGMs and alignment of record dates closer to AGMs") from the Asian Corporate Governance Association (ACGA).

As the FSA acknowledges, the finance minister's latest request to publish the Yuho "a day before or a few days before the AGM" is just the first step but it is nonetheless an encouraging development regarding a long-standing issue. While L&G understand the initial challenges for companies, they will continue our engagement with regulators and companies to help drive further change as they believe that real governance and investor dialogue improvements will only be possible if Yuhos are published three to four weeks before the AGM.