London & Quadrant Housing Trust Staff Benefits Plan for the year ending 31 March 2025

Welcome to the Trustees' Statement of how they implemented the policies and practices in the Plan's Statement of Investment Principles (SIP) during the year ending 31 March 2025.

This statement covers the Defined Benefit (DB) section of the Plan.

Introduction

The Trustees have prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and subsequent amending legislation, and those of the Pensions Regulator's General Code of Practice. It sets out how the Trustees have complied with the London & Quadrant Housing Trust Staff Benefits Plan Stewardship Policy and Statement of Investment Principles during the period from 1 April 2024 to 31 March 2025.

Overall, the Trustees are satisfied that:

- The Plan's investments have been managed in accordance with the Plan's Stewardship Policy during the period.
- The Plan's investments have been managed in accordance with the remainder of the Plan's Statement of Investment Principles; and
- The provisions of the Statement of Investment Principles remain suitable for the Plan's members.

What is the Statement of Investment Principles (SIP)?

The Statement of Investment Principles sets out the principles and practices the Trustees follow when governing the Plan's investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustees' approach to responsible investing (including climate change).

This Implementation Statement is in respect of the Plan's SIP that was in place over the 12 months to 31 March 2025. The last review of the Plan's SIP was completed in March 2025.

The main change to the SIP during the year was an update to the Plan's investment strategy. Rising yields and strong performance from risk assets improved the Plan's funding position, creating an opportunity to simplify the portfolio and increase hedging to help lock in these gains. In response, the Trustees agreed to increase the target hedge ratios for both interest rate and inflation risks, fully disinvest from emerging market equities, and raise the strategic allocation to global equities.

The Plan's Statement of Investment Principles can be consulted online at DB Statement Of Investment Principles | L&Q

How the Plan's investments are governed

The primary objective of the DB section of the Plan is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefit basis.

The Trustees have overall responsibility for how the Plan's investments are governed and managed in accordance with the Plan's Trust Deed and Rules as well as Trust law, pensions law and pension regulations.

There have been no changes to the Trustees or the governance processes during the last year. The Trustees have delegated day-to-day investment decisions, such as which investments to buy and sell, to the investment managers for the DB section.

On an ongoing basis the Trustees monitor how well their investment adviser meets the objectives agreed with them, which are designed to align with the Trustees' objectives and investment strategy set out in the SIP. The current set of DB objectives is as follows:

- Advise on a suitable investment strategy, and amendments to the strategy, to achieve a target return to support an affordable level of contributions from the sponsor.
- Implement a strategy, and amendments to the strategy, that delivers the target returns whilst minimising the associated risk and takes opportunities to reduce risk when it is affordable to do so.
- Deliver an investment approach that reflects the Plan's cashflow position and expected future cashflow position and provides sufficient liquidity.
- Provide advice on cost efficient implementation of the Trustees' investment strategy, including but not limited to advice on the use of suitable benchmarks, active or passive management and selection of managers.
- Provide relevant and timely advice.
- Develop Trustees' knowledge and understanding of the Plan's investment strategy, its implementation and wider investment matters.
- Provide suitable reporting for the Trustees to understand the Plan's progress towards its investment objectives.

The Trustees are satisfied that during the last year:

- **The Plan's DB governance structure was appropriate;**
- **The Trustees have maintained their understanding of investment matters; and**
- **Their investment advisers met the agreed objectives.**

How the investment strategy is managed

The objective and rationale for the investment strategy is set out in the Plan's current SIP on pages 1 to 3.

In September 2022, the Trustees carried out an Investment Strategy review based on the preliminary results of the 2022 Actuarial valuation. However, given the market volatility experienced soon after it was agreed to suspend the implementation of this review.

At the March 2023 Trustee meeting it was agreed to re-review the investment strategy in light of market changes with the results presented at the June 2023 meeting. The new investment strategy was subsequently implemented over the course of Q4 2023.

Since then, market movements and improved funding have supported the case for further changes — and in March 2025, the Trustees formally updated the investment strategy to reflect this.

The Trustees plan to carry out the next formal investment strategy review in 2025/26, following the triennial actuarial valuation.

How investments are chosen

The Trustees review the performance of the investment managers and mandates on a regular basis against a series of metrics, including, but not limited to, financial performance against the benchmark and objectives of the mandate and the management of risks. Material deviation from performance targets may result in the mandate being formally reviewed.

The Trustees monitor the performance of the funds used by the DB section of the Plan by:

- Reviewing quarterly investment reports; and
- Engaging with the investment adviser.

Over the year, the Trustees monitored fund performance relative to the manager's respective benchmarks and targets on a quarterly basis.

The Trustees are satisfied that during the last year:

- **The Plan's overall investment strategy was appropriate;**
- **The actions taken by the managers to navigate market conditions were appropriate.**

The expected risks in the DB section of the Plan

The investment risks and returns relating to the DB section of the Plan are described in the SIP.

The Trustees' views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Plan invests in over the longer-term) and the style of management adopted by the Plan.

The Trustees believe the main investment risks described in the SIP have not changed materially over the year.

The Trustees are satisfied that the current expected rates of investment return for the types of funds described in the SIP are still reasonable relative to the risks.

The Trustees are satisfied that through a diversified portfolio, systematic risks can be mitigated, and accept that it is not possible to make specific provision for all possible eventualities.

Ability to invest / disinvest promptly

It is important that member benefits can be received promptly, and that the Plan's investments can be realised quickly if required, as set out on page 3 of the SIP. The Trustees also ensure that the Plan has a robust process for the administration team processing cash payments to/from the Plan and to/from the investment funds.

The Trustees are satisfied that money can be invested in and taken out of the majority of DB investments without delay, as set out in the SIP.

Portfolio turnover within funds

The Trustees monitor the performance of the assets (net of costs) on a quarterly basis and any material deviation in performance relative to target returns or benchmarks will warrant an investigation into the activity carried out by the fund manager, including the buying and selling of assets. In this way, the Trustees indirectly monitor portfolio turnover and the associated transaction costs.

Short-term changes in the level of turnover may be expected when a manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover might indicate a shift in the amount of risk the manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustees.

Over the year, the Trustees have monitored performance for all the funds on a quarterly basis and discussed performance with the Plan's investment advisors. Whilst there has been significant volatility in returns due to market difficulties, the Trustees have not identified any instances of material deviations in performance which would warrant further investigation into portfolio turnover.

Conflicts of interest

The Trustees are yet to explicitly review conflicts of interest in the management of the Plan's assets. Over the year, the managers have not disclosed any potential or actual conflict.

The Trustees will consider the appropriate means to review and monitor conflicts of interest over the next reporting period.

Responsible Investment

The Trustees believe that responsible investing covers both sustainable investment and effective stewardship of the assets the Plan invests in.

The Trustees' approach to sustainable investing has not changed during the last year. The Trustees are satisfied that during the year the Plan's investments were invested in accordance with the policies on sustainable investing and consideration of financially material factors set out in the SIP.

Sustainable Investment

The Trustees believe that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (called 'ESG' factors) can have on the value of the Plan's investments.

The Trustees have considered the duration of the Plan's liabilities when choosing and reviewing the funds.

The Trustees' approach to sustainable investing has not changed during the last year.

Policy Implementation

In line with the SIP, no specific actions over the past year have been considered with respect to non-financially material factors in the development and implementation of the Plan's investment strategy.

As outlined on pages 5 and 6 of the SIP, the Trustees have delegated voting and engagement activity in respect of the underlying assets to the Plan's investment managers. The Trustees believe 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 Trustees' own engagement activity is focused on its dialogue with the investment managers which is undertaken in conjunction with the investment adviser. As the Trustees invests via an investment platform, there is no direct relationship between the Trustees and the investment managers. The Trustees accept that investment managers will not notify the Trustees about any particular stewardship activities.

Stewardship policy

The Trustees' stewardship (voting and engagement) policy sets out how the Trustees will behave as an active owner of the Plan'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 Plan's stewardship policy is reviewed on a periodic basis. The Trustees have committed to reviewing the managers' stewardship policies on a periodic basis.

The Trustees and their investment advisers remain satisfied that the stewardship policies of the managers and, where appropriate, the voting policies remain suitable for the Plan.

Voting activity

The Trustees seek to ensure that their managers are exercising voting rights and where appropriate, monitor managers' voting patterns. The Trustees also monitor investment managers' voting on particular companies or issues that affect more than one company.

The Plan does not own any listed equities. Rather, the Plan invests in units of funds and it is these funds which own the listed equities. The Trustees' investment managers have reported on how votes were cast for the equities in each of these funds as set out in the table below.

The Plan's investment strategy was revised during the year, including a full disinvestment from the L&G Emerging Markets Equity Fund on 10 February 2025, as noted on page 1 of this statement. However, please note that the information in this and subsequent sections regarding this fund covers the entire Plan year from 1 April 2024 to 31 March 2025.

	Ruffer Absolute Return Fund	L&G Emerging Markets Equity	L&G Future World Global Equity
Proportion of Plan assets (as at 31 March 2025)	10.8%	0.0%	13.9%
No. of meetings eligible to vote at during year	68	4,366	5,515
No. of resolutions eligible to vote on during year	1,134	34,789	55,096
% of resolutions voted	100.0%	99.9%	99.8%
% of resolutions voted with management	96.9%	80.4%	81.0%
% of resolutions voted against management	3.0%	17.1%	17.9%
% of resolutions abstained	0.1%	2.5%	1.1%
% of meetings with at least one vote against management	26.5%	50.7%	58.6%

The resolutions that Ruffer voted against management the most on over the Plan year were mainly in relation to shareholder resolution on climate change disclosures, human labour rights and diversity, equity and inclusion (DEI). The resolutions that L&G voted against management the most on over the Plan year were mainly in relation to insufficient climate risk management, absence of diverse board and disclosure and requirement for separation of Board Chair and CEO.

Significant votes

The Trustees have asked Ruffer and L&G to report on the most significant votes cast within the portfolios they manage on behalf of the Plan. Managers were asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. From the managers' reports, the Trustees have identified the following votes as being among those of greater relevance to the Plan:

Ruffer

Date	Company	Subject (theme and summary)	Manager's vote and rationale
22 May 2024	Amazon	**Climate** – Scope 3 GHG emissions disclosure	**For** – Ruffer voted in favour of a shareholder resolution requesting fuller disclosure of material Scope 3 emissions. Amazon currently only disclose Scope 3 emissions for own-brand products, whereas peers like Walmart and Target report across all product sales. Ruffer supported the resolution as a step towards improving transparency and enabling meaningful target-setting on carbon reduction.
29 May 2024	ExxonMobil	**Social** – Gender and racial pay gap reporting	**For** – Ruffer voted in favour of a shareholder resolution requesting a report on median gender and racial pay gaps. They believe such disclosures improve accountability on diversity and inclusion, and align with UK best practice. Reporting both adjusted and unadjusted pay gaps can help shareholders assess how well the company is managing workforce-related risks.
26 February 2025	Deere & Co	**Governance –** Workplace oversight and meritocracy	**Against** – Ruffer voted against the shareholder resolution requesting a report on the effectiveness of Deere's meritocratic workplace practices. They noted that Deere already discloses detailed workforce information and maintains robust human rights and anti-discrimination policies. In Ruffer's view, the proposed report would offer limited additional value.

L&G (Emerging Markets Equity)

Date	Company	Subject (theme and summary)	Manager's vote and rationale
14 May 2024	Tencent Holdings Limited.	**Governance/ Environmental** – Re-elect director (Charles St Leger Searle)	**Against** – L&G voted against the re-election of Charles St Leger Searle as Director at Tencent. This was based on two factors. First, L&G expect Audit Committees to consist entirely of independent directors. Second, under its Climate Impact Pledge, L&G consider Tencent

			to fall short of the minimum standards for climate risk management. As such, a vote against was warranted on both governance and environmental grounds.
30 May 2024	Gold Fields Ltd.	**Governance/Diversity –** Re-elect Director (Steven Reid)	**Against** – L&G voted against the re-election of Steven Reid at Gold Fields owing to concerns over board diversity. L&G expect companies to have at least one-third female board members and to increase female participation both on the board and in leadership roles over time.
30 May 2024	Realtek Semiconductor Corp.	**Governance** –Board leadership and separation of Chair and CEO roles	**Against –** L&G voted against the election of CHIU, SUN-CHIEN as a non-independent director due to concerns over the combined role of Board Chair and CEO. L&G expect these roles to be held separately to ensure proper balance of authority and responsibility on the board.

L&G (Future World Global Equity)

Date	Company	Subject (theme and summary)	Manager's vote and rationale
10 December 2024	Microsoft Corporation	**Governance** – Report on AI data sourcing accountability	**For** – L&G voted in favour of a shareholder resolution requesting greater disclosure on AI data sourcing practices. Despite strong existing disclosures on responsible AI, L&G believe shareholders would benefit from enhanced transparency regarding risks tied to the use of third-party data for training large language models.
22 May 2024	McDonald's Corporation	**Health –** Adopt antibiotics policy	**For** – L&G voted in favour of a shareholder resolution requesting McDonald's adopt a policy to phase out the use of medically important antibiotics for disease prevention across its meat supply chain. L&G view antimicrobial resistance (AMR) as a systemic risk and expect companies in the restaurant sector to apply WHO guidelines on antimicrobial use in food-producing animals.
29 May 2024	Meta Platforms, Inc.	**Governance / Remuneration / Diversity** – Elect Director (Peggy Alford)	**Against –** L&G voted against the election of Peggy Alford due to several concerns. They expect boards to have at least one-third women and an independent lead director where the Chair and CEO roles are combined. L&G also opposed the executive remuneration framework, citing lack of annual shareholder approval, use of corporate jets, absence of malus and clawback provisions, missing executive shareholding guidelines, inadequate long-term performance conditions, and a performance

			period shorter than three years. As chair of the compensation, nominating, and governance committee, Alford warranted a withhold vote due to consecutive years of high director pay without sufficient explanation.

Engagement activity

The Trustees receive annual reporting on each manager's engagement activity. The following table summarises the key engagement activity for the 12-month period ending 31 March 2025.

Manager	Voting rights / engagements	Main topics engaged on
Ruffer	Voting rights as this fund invests in equities. The team initiated 38 engagements on an ongoing basis over the year.	Climate Change, Human Capital Management, Independence or Oversight, Reporting (e.g. audit, accounting, sustainability reporting), Remuneration and Capital Allocation
L&G (Emerging Markets Equity)	Voting rights as this fund invests in equities. The team-initiated 771 engagements across the L&G fund with companies on an ongoing basis over the year.	Climate Impact Pledge, Human Rights, Deforestation, Climate Change, Capital Management, Circular Economy and Nutrition
L&G (Future World Global Equity)	Voting rights as this fund invests in equities. The team-initiated 1944 engagements across the L&G fund with companies on an ongoing basis over the year.	Climate Impact Pledge, Human Rights, Remuneration, Deforestation, Climate Change, Capital Management and Gender Diversity
Barings	No voting rights as this is a fixed income portfolio. Barings do not report on a fund specific basis. Their Fixed Income team initiated 167 engagements.	Disclosure, Transparency & Reporting, Climate Change & Energy Management, Consumer Access, Health, Safety & Wellbeing and Environmental Pollution
Columbia Threadneedle	The LDI funds don't hold assets with any voting rights. The team initiated 12 engagements with counterparties over the year.	Climate Change, Environmental Stewardship and Human Rights

Insight	No voting rights as this is a fixed income portfolio. The team initiated c.60 engagements across c.55 entities.	Strategy/Purpose, Financial Performance, Reporting (eg. Audit, accounting, sustainability reporting), Climate Change and Natural Resource Use
BNY Mellon	No voting rights as this is a fixed income portfolio. The team initiated c.5 engagements across c.5 entities.	Climate Change, Natural Resource Use, Public Health and Board Effectiveness

Use of a proxy adviser

The Trustees' investment managers Ruffer and L&G have made use of the services of Institutional Shareholder Services ("ISS"), a proxy voting advisor, over the Plan year.

While the services of ISS have been used by Ruffer and L&G, the Trustees have also sought to compare the extent of the manager's alignment with their proxy advisor, ISS, in order to judge the independence of their voting processes. Below is a summary of the voting activity of Ruffer and L&G relative to the proxy advisor.

Manager	No. meetings voted at	Of which they voted against ISS recommendation (%)
Ruffer Absolute Return Fund	68	4.3%
L&G Emerging Markets Equity	4366	6.3%
L&G Future World Global Equity	5515	9.7%

From the above we note that Ruffer and L&G voted on a significant majority of occasions with the proxy advisor.

Review of policies

The Trustees have committed to reviewing the managers' responsible investment ('RI') policies on an ongoing basis. The review will consider managers' broader approach to RI issues and any change in approach by the managers over the period. The Trustees will also consider changes to their managers' voting policies.

The Trustees and their advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the managers' voting policies, remain suitable for the Plan.