Implementation Statement, covering the Plan year from 1 April 2023 to 31 March 2024

The Trustee of the Nomura London Retirement Benefits Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the year, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-8 below.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on and uses the same headings as the Plan's SIP dated August 2022 and should be read in conjunction with the SIP (which can be found online).

1. Introduction

No review of the SIP was undertaken during the Plan Year. The last time the SIP was formally reviewed was August 2022.

The Trustee has, in its opinion, followed the policies in the Plan's SIP during the year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

The Trustee's DB Section objectives are that the Plan should meet all benefit payments as they fall due and that the overall funding position should remain at an appropriate level.

The majority of the Plan's promised DB benefits have been secured with bulk annuity policies. The Plan has residual assets following the purchase of these annuity policies. The Trustee invests the majority of these assets in gilts to broadly match unsecured liabilities that are not currently covered by the annuity policies.

The Trustee's objectives for the remaining assets is to grow them to continue to meet the costs of running the Plan. Progress against the objective to grow the residual assets is reviewed as part of the regular performance monitoring reports.

As part of a performance and strategy review of the DC arrangements in September 2015 the Trustee considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan. The Trustee reviews DC fund performance, value for money and that the options available to members remain appropriate on an annual basis.

The Trustee provides DC members with access to a range of self-select investment options which it believes are suitable for this purpose and enable appropriate diversification. These funds are set out in Appendix B in the SIP. No default option has ever been offered to members (the DC section has been closed to contributions since 2005). The Trustee routinely reminds members to review their self-select investment holdings and check they are suitable for their risk tolerances and retirement planning.

The Trustee reviews changes in member choices, behaviour and trends as part of the regular reports.

3. Policy towards risk (inc Appendix A of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register and this is discussed at regular meetings.

When the Trustee reviewed the DB investment strategy in July 2022 it considered the investment risks set out in Appendix A of the SIP. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustee by the Plan's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

With regard to the risk of inadequate returns in the DB section, an adequate return is understood to be a return in-line with the underlying gilt benchmark for each of the passive gilt funds. For the Sterling Liquidity Fund an adequate return is understood to be a return in-line with SONIA.

With regard to the risk of inadequate returns in the DC section, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are made available within the self-select options. These funds are expected to produce adequate real returns over the longer term. The Trustee monitors the returns and risk within these funds at least on an annual basis.

The Plan holds two annuity policies. These policies match the majority of the DB benefits payable to the Plan's members. The annuity policies are "buy-ins" and therefore remain an asset of the Plan. The Trustee invests in a number of passive gilt funds (and a sterling liquidity fund) to broadly match unsecured liabilities that are not covered by the annuity policies. This includes liabilities where there remains some uncertainty regarding the precise benefit due (eg relating to GMP equalisation and GMP underpin of DC benefits) and some past discretionary pension increases. The Trustee considers gilts to be matching assets, although it recognises that in practice the degree of liability matching these assets provide varies considerably. As a result, the Plan's interest and inflation risk is expected to be largely addressed. Hedging levels on the unsecured liabilities are monitored periodically through reporting produced by the actuarial advisers.

Together, the investment and non-investment risks set out in Appendix A of the SIP give rise generally to funding risk. The Trustee formally reviews the Plan's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustee reviews the funding position allowing for membership and other experience. The Trustee also informally monitors the funding position more regularly, at Trustee meetings.

The following risks are covered elsewhere in this Statement: diversification risk in Sections 2 and 8, investment manager risk and excessive charges in Sections 6 & 7, illiquidity/marketability risk in Section 8 and ESG risks in Section 8.

4. Trustee's investment beliefs

The investment adviser has helped the Trustee to review its responsible investment beliefs in an ESG training session to discuss the options available. Following this, the Trustee updated the investment beliefs in the SIP. It added two new investment beliefs to the SIP: "environmental, social and governance (ESG) factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors" and; "long-term environmental, social and economic sustainability is one factor that trustees should consider when making investment decisions".

Following the addition of these beliefs, the Trustee keeps under review the extent to which ESG factors are incorporated by its investment managers into the funds currently held by the Plan.

5. Investment strategy

The Trustee did not review the Plan's DB section investment strategy over the Plan Year.

6. Appointment of investment managers for the DB Section

The Trustee has not made any new manager appointments over the Plan Year.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of with regard to the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

Overall, the Trustee was comfortable with its investment manager arrangements over the year.

7. DC Section

The Trustee did not review the Plan's DC section investment strategy over the Plan Year.

The Trustee reviewed the retirement data provided in the administration reports during the Plan Year.

The Trustee undertook a "value for members" assessment in July 2023 for the Plan Year to March 2023 which assessed a range of factors, including the fees payable to managers in respect of the DC Section. On the back of the fee benchmarking exercise carried out, the Trustees negotiated a 20% fee rebate to members on one of the DC funds.

The Trustee regularly invites the Plan's active (as opposed to passive / index-tracking) investment managers to present at Trustee meetings, seeing each active manager approximately once a year. Over the period, the Trustee met with Schroders to discuss the Plan's investments.

8. Other matters

8.1 Realisation of investments

The Trustee reviews the Plan's net current and future cashflow requirements on a regular basis. The Trustee's policy is to have access to sufficient liquid assets in order to meet any outflows which maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

It is the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section funds which the Trustee offers are daily priced.

8.2 Financially material considerations and non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations).

LCP also produces fund-level scores and assessments based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations.

When the managers presented to the Trustee during the year, they each covered their approach to ESG and stewardship as part of their presentation. The Trustee was satisfied with the discussions of the managers' ESG, voting and engagement practices.

The Trustee will review LCP's biennial responsible investment (RI) survey in 2024 which will be reported in next year's Implementation statement. This includes reviewing the Plan's managers' approach to ESG factors, voting and engagement. The underlying fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. LCP also awards manager-level scores and red flags based on its biennial LCP's Responsible Investment Survey.

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

8.3 Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers as detailed below.

Based upon discussions with their managers and information provided by their investment adviser, the Trustees believe that their managers' RI actions during the Plan Year are consistent with the voting and engagement policies in the Plan's Statement of Investment Principles ("SIP").

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, in March 2023 the Trustees received training on understanding the DWP's Stewardship Guidance. This covered what stewardship is, why trustees should take it seriously and what trustees are expected to do. As a result of this the Trustee discussed and agreed stewardship priorities for the Plan which were: (i) Climate change (ii) Diversity, equity and inclusion and (iii) Business Ethics.

The Trustee selected these priorities as market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Plan's members. The Trustee communicated these priorities to its managers in March 2023.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

8.4 What are the responsibilities of the various parties in connection with the Plan's investments? (inc Appendix C of the SIP)

Appendix C contains brief details of the respective responsibilities of the Trustee, their advisers, and the investment managers.

The Trustee was satisfied that during the Plan Year they have an effective decision making and governance processes in place. This will be reported to members in due course via the newsletter issued to them.

The performance of the professional advisers is considered on an ongoing basis by the Trustee. The Trustee has put in place formal objectives for its investment adviser and reviews the adviser's performance against these objectives on a regular basis. At the last formal review the Trustee was satisfied with their adviser. The Trustee will review the investment adviser on an annual basis in line with the requirement to report to The Pension's Regulator.

8.5 Investment selection decisions

The Trustee did not make any investment selection decisions over the Plan Year.

9. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have included voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

- L&G Global Equity Fixed Weights (50:50) Index Fund GBP Currency Hedged (DC);
- L&G UK Equity Index Fund (DC);
- Schroders Global Equity Fund (DC);
- Schroders Manged Balanced Fund (DC); and
- Schroders QEP Global Core Fund (DC).

In addition to the above, the Trustee contacted the Plan's other asset managers that don't hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the period. None of the other pooled funds that the Plan invested in over the year held any assets with voting opportunities.

9.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee is comfortable that the policies are aligned with the Trustee's views, in particular its stewardship priorities.

9.1.1 L&G

L&G's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. L&G's voting policies are reviewed annually and take into account feedback from its clients.

Every year, L&G holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as L&G continues to develop its voting and engagement policies and define strategic priorities in the years ahead. L&G also considers client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All decisions are made by L&G's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures L&G's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by L&G and it does not outsource any part of the strategic decisions. L&G's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that L&G receives from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what it considers are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

L&G retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows L&G to apply a qualitative overlay to its voting judgement. L&G has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform L&G of rejected votes which require further action.

9.1.2 Schroders

The corporate governance analysts at Schroders input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from their clients.

As active owners, Schroders recognise their responsibility to make considered use of voting rights. It therefore votes on all resolutions at all AGMs/EGMs globally unless restricted from doing so (eg as a result of share blocking).

Schroders aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with their Proxy Voting policy.

The overriding principle governing Schroders' voting is to act in the best interests of its clients. Where proposals are not consistent with the interests of shareholders and clients, Schroders will vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Schroders evaluates voting resolutions arising at investee companies and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities in what it deems to be the interests of clients. Schroders' Corporate Governance specialists assess each proposal, applying its voting policy and guidelines (as outlined in their ESG Policy) to each agenda item. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Schroders' specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Its own research is also integral to the process; this will be conducted by both financial and Sustainable Investment analysts. For contentious issues, Schroders' Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Glass Lewis (GL) act as Schroders' one service provider for the processing of all proxy votes in all markets. GL deliver vote processing through their Internet-based platform Proxy Exchange. Schroders receives recommendations from GL in line with its own bespoke guidelines, in addition, it receives GL's Benchmark research. This is complemented with analysis by its in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

9.2 Summary of voting behaviour over the Plan Year

A summary of voting behaviour over the period is provided in the table below.

	L&G Global Equity Fixed Weights (50:50) Index Fund GBP Currency Hedged	L&G UK Equity Index Fund	Schroders Global Equity Fund	Schroders Manged Balanced Fund	Schroders QEP Global Core Fund
Total size of fund at end of reporting period	£219m	£101m	£1,627m	£54m	£189m
Value of DC Plan assets at end of reporting period (£ / % of total assets)	£1.2m / 1.3%	£0.4m / 0.4%	£31.8m / 33.7%	£23.2m / 24.6%	£33.2m / 35.1%
Number of equity holdings at end of reporting period	3,028	522	152	385	245
Number of meetings eligible to vote	3,035	709	146	576	253
Number of resolutions eligible to vote	39,303	10,462	2,509	7,599	3,573
% of resolutions voted	100%	100%	93%	92%	100%
Of votes, % voted with management	82%	94%	87%	92%	81%
Of votes, % voted against management	18%	6%	13%	8%	20%
Of votes, % abstained from voting	0%	0%	1%	1%	0%
Of votes, % with at least one vote against management	70%	40%	67%	37%	91%
Of votes, % voted contrary to recommendation of proxy advisor	13%	5%	11%	6%	21%

Figures in above table may not sum due to rounding

9.3 Most significant votes over the Plan Year

Commentary on the most significant votes over the period, from the Plan's asset managers who hold listed equities, is set out below. The investment managers provided multiple examples of their most significant votes over the year, of which we have included two examples for each investment manager. We have interpreted "most significant votes" to incorporate:

- Potential impact on financial outcome on future company performance;
- Potential impact on stewardship outcome;
- Size of holding in the fund/mandate
- Whether the vote was high-profile or controversial, that could be based on level of media interest; level of political or regulatory interest; level of industry debate; and
- Where the manager was subject to a conflict of interest.

L&G

B&M European Value Retail SA, 25 July 2023

- **Summary of resolution:** Re-elect Peter Bamford as Director
- **Relevant stewardship priority:** Diversity, Equity and Inclusion
- **Approximate size of the fund's holding as at the date of the vote (as a % of the portfolio):** 0.1% & 0.2% (held in both L&G funds)
- **The reason the Trustee considered this vote to be "most significant":** Relates to one of the Trustee's chosen stewardship priorities – Diversity, Equity and Inclusion.
- **Company management recommendation:** For **Fund manager vote:** Against
- **Rationale for the voting decision:** A vote against was applied due to the lack of gender diversity at executive officer level. L&G expects executives officers to include at least 1 female.
- **Outcome and next steps:** The resolution was passed (with a 12% dissenting vote). L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Shell Plc., 23 May 2023

- **Summary of resolution:** Approve the Shell Energy Transition Progress
- **Relevant stewardship priority:** Climate Change
- **Approximate size of the fund's holding as at the date of the vote (as a % of the portfolio):** 3.5% & 7% (held in both L&G funds)
- **The reason the Trustees considered this vote to be "most significant":** Relates to one of the Trustee's chosen stewardship priorities – Climate Change.
- **Company management recommendation:** For **Fund manager vote:** Against
- **Rationale for the voting decision:** A vote against was applied, though not without reservations. L&G acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcomes the company' pursuing low carbon products. However, it remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.
- **Outcome and next steps:** The resolution was passed (with a 12% dissenting vote), and L&G will continue to undertake extensive engagement with Shell on its climate transition plans

Schroders

Chevron Corporation, 31 May 2023

- **Summary of resolution:** Adopt Medium-Term Scope 3 GHG Reduction Target
- **Relevant stewardship priority:** Climate Change
- **Approximate size of the fund's holding as at the date of the vote (as a % of the portfolio):** Not provided.
- **The reason the Trustees considered this vote to be "most significant":** Relates to one of the Trustee's chosen stewardship priorities – Climate Change.
- **Company management recommendation:** Against **Fund manager vote:** For
- **Rationale for the voting decision:** Schroders are keen to see the company set more ambitious medium-term scope 3 targets. It believes that how they have voted is in the best financial interest of its clients' investments.
- **Outcome and next steps:** The resolution was not passed. Schroders will continue to monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or our other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.

Bank of Montreal, 18 April 2023

- **Summary of resolution:** Publish a Third-Party Racial Equity Audit
- **Relevant stewardship priority:** Diversity, Equity and Inclusion
- **Approximate size of the fund's holding as at the date of the vote (as a % of the portfolio):** Not provided.
- **The reason the Trustee considered this vote to be "most significant":** Relates to one of the Trustee's chosen stewardship priorities – Diversity, Equity and Inclusion.
- **Company management recommendation:** Against **Fund manager vote:** For
- **Rationale for the voting decision:** Schroders believe a third-party racial equity audit would be a positive step and in line with commitments made by peers, and provide shareholders with better transparency on how the company is managing legal, reputational and financial risks. As such support for this proposal is warranted.
- **Outcome and next steps:** The resolution was not passed. Schroders will continue to monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or our other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.