Legal Services Commission Staff Pension and Assurance Scheme (No 4) – Implementation Statement for the year ending 31 March 2026

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 Scheme's Stewardship Policy and Statement of Investment Principles during the period 1 April 2025 to 31 March 2026.

Overall, the Trustees are satisfied that:

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

Statement of Investment Principles

The Statement of Investment Principles sets out the principles and practices the Trustees follow when governing the Scheme'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).

The Trustees reviewed and updated the Statement of Investment Principles in March 2026. The updates made to the Statement of Investment Principles in the most recent review reflected the evolution of the Scheme's investment strategy and risk profile, including the range of investment options that the Trustees may consider. The Trustee review the Statement of Investment Principles at least annually or when there have been significant strategic changes.

The Trustees have prepared this Implementation Statement on the basis of the Statement of Investment Principles in force throughout the period, with reporting within this document in line with the Statement of Investment Principles applicable at the relevant time.

The Scheme's Statement of Investment Principles can be consulted online at 2603 LSC Statement of investment principles.

Investment governance

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

The Trustees have overall responsibility for how the Scheme's investments are governed and managed, in accordance with the Scheme's Trust Deed and Rules, as well as Trust Law, Pensions Law and Pension Regulations.

The Trustees have set objectives for the Scheme's investment adviser designed to align with the Trustees' own objectives and investment strategy as set out in the Statement of Investment Principles.

The suitability of these objectives was last reviewed by the Trustees in November 2025 and is scheduled for review no later than Q4 2026. The Trustees carried out an evidence-based review of the investment adviser's performance against these objectives in November 2025. This involved rating the adviser against the different objectives. The Trustees are satisfied that the objectives have been achieved for the year.

The Trustees have undertaken training during the year to ensure that their knowledge of investment matters remains up to date. Training provided to the Trustees in May and September 2025 focused on the approach to equity investment and alternative asset classes respectively.

The Trustees have developed a set of Investment Beliefs which they use as a guide when making investment decisions. These beliefs are set out in the Statement of Investment Principles on pages 4 and 5. They were considered and used to help inform decision making with respect to the Scheme's investments over the reporting period.

The investment risks and the expected return relating to the Scheme are described in the Statement of Investment Principles, on page 3.

The Trustees' views on expected investment risk and return inform the Scheme's strategic asset allocation and investment manager structure. During the reporting period, the allocation to growth assets was reduced from 12% to 10%, with an allocation to short-dated credit introduced to improve diversification while maintaining similar expected returns at a lower level of risk.

The Scheme has conflicts of interest policies in place covering its service providers, including the asset manager. The Trustees formally ask service providers to confirm any conflicts of interest when the Trustees meet with them. The service providers in scope have not disclosed any potential or actual conflict over the period.

Stewardship Policy

The Trustees' Stewardship Policy sets out how the Trustees will behave as an active owner of the Scheme's assets. It 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 other stakeholders.

The Scheme's Stewardship Policy is reviewed on an annual basis in line with the Scheme's Statement of Investment Principles (SIP) review which was last completed in March 2026.

There were no changes to the Stewardship Policy during last year. You can review the Scheme's Stewardship Policy which can be found within the Scheme's Statement of Investment Principles.

The Trustees have also set RI beliefs and an associated RI policy and have delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment manager. The Trustees believe it is important that their investment manager takes an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustees own engagement activity is focused on their dialogue with their investment manager, which is undertaken in conjunction with their investment advisers. The Trustees meet regularly with

their manager and the Trustees consider the manager's exercise of their stewardship both during these meetings and through quarterly reporting provided by their manager.

The Trustees also monitor their compliance with their Stewardship Policy on a regular basis and are satisfied that they have complied with the Scheme's Stewardship Policy over the last year.

Voting activity

The Trustees seek to ensure that their manager is exercising voting rights and, where appropriate, monitor the manager's voting patterns. The Trustees also monitor votes cast by their manager on particular companies or issues that affect more than one company.

The Scheme invests in two equity funds managed by Legal and General (L&G). The Trustees are satisfied that L&G has voted in line with their house policy. The manager has reported on how votes were cast in these funds during the reporting period as set out in Table 1 below:

Table 1: L&G voting data as at 31 March 2026

Voting data	World Equity Index Fund - GBP Currency Hedged	Future World Global Multi-Factor Equity Index Fund
Proportion of Scheme's assets	5.1%	5.1%
No. of meetings eligible to vote at during the year	2,842	1,665
No. of resolutions eligible to vote on during the year	35,913	21,023
% of resolutions voted	100.0%	100.0%
% of resolutions voted with management	80.3%	80.0%
% of resolutions voted against management	19.4%	19.6%
% of resolutions abstained	0.3%	0.4%
% of meetings with at least one vote against management	69.7%	67.4%

Significant votes

The Trustee currently consider votes cast on resolutions addressing Climate Change, Modern Slavery and Board Composition to be of particular significance. The Trustees have asked their investment manager, L&G, to report on the most significant votes cast within the portfolios they manage on behalf of the Trustees. L&G were asked to explain the reasons why votes 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. As there is significant commonality between the holdings in both equity funds, the significant vote examples below cover both funds. The Trustees have identified the following votes as being of greater relevance to the Scheme:

Key theme: Climate change

Broadcom Inc., April 2025, L&G voted Against the election of Director Henry Samueli.

Significance: L&G voted against the director under its **Climate Impact Pledge**, concluding that the company had not made sufficient progress against its climate expectations and sector-specific climate engagement objectives. The vote formed part of L&G's flagship climate stewardship programme targeting climate-critical sectors.

Outcome and next steps: The resolution passed with **98.0%** support. L&G will continue to engage with the company, advocate its climate expectations and monitor progress.

BP plc, April 2025, L&G voted against the re-election of Chair Helge Lund.

Significance: L&G opposed the Chair's re-election due to concerns over governance and accountability following BP's revisions to its climate strategy and the decision not to provide shareholders with a vote on the revised climate transition plan. L&G also sought greater clarity regarding board succession planning.

Outcome and next steps: L&G intends to continue engaging with BP on its climate strategy and governance arrangements and will monitor the company's progress against its stated objectives.

Key theme: Board composition and diversity

Alphabet Inc., June 2025, L&G voted against the election of Director John L. Hennessy.

Significance: L&G identified a number of governance concerns, including limited board independence, insufficient board refreshment and a failure to meet its expectation of at least one-third female board representation. L&G also raised concerns regarding unequal voting rights.

Outcome and next steps: The resolution passed with 83.3% support. L&G will continue to engage with Alphabet on improving board composition, independence and broader governance practices.

Berkshire Hathaway Inc., May 2025, L&G voted against the election of Director Charlotte Guyman.

Significance: L&G opposed the resolution due to concerns regarding board independence, lengthy average board tenure, insufficient female representation and wider governance arrangements, including the absence of an independent lead director. The vote was categorised as a significant vote relating to diversity and board effectiveness.

Outcome and next steps: The resolution passed with 86.8% support. L&G will continue engaging with the company and monitoring progress on board diversity, independence and governance standards.

Key theme: Modern slavery and human rights

While no significant vote specifically relating to modern slavery was identified within the significant vote disclosures, L&G undertook engagement activity on human rights, modern slavery and child labour.

APA Group, 2025/26, L&G engaged with APA Group on issues relating to human rights, modern slavery and child labour.

Significance: Modern slavery and human rights risks within operations and supply chains are an important element of L&G's social stewardship programme. L&G maintained a specific engagement objective with APA Group focused on human rights, modern slavery and child labour, reflecting the importance of effective oversight and management of these risks.

Outcome and next steps: As at 31 March 2026, the engagement was classified as Progress, indicating that discussions with the company remained ongoing and that L&G continued to monitor developments against its engagement objectives.

The Scheme's investment manager has made use of the services of the following proxy voting adviser over the scheme year:

Manager	Proxy voting adviser
L&G	Institutional Shareholder Services (ISS). Votes are cast according to L&G's instructions, guided by their voting policies and effected through an electronic voting platform called Proxy Exchange, which is managed by (ISS).

Engagement activity

The Trustees typically hold meetings with their investment manager on an annual basis where stewardship issues are discussed in further detail. Due to ongoing strategic discussions, the Trustees did not meet L&G over the 12 month period, however they continued to engage with L&G on RI activity via written communication throughout the year. Since Scheme year end, the Trustees met with L&G in April 2026 and focused on engagement activity on climate change, modern slavery and board composition.

The board requestioned L&G on topics where clarity was poor from last year, or where further information was required. In particular, topics of discussion were:

- L&G's position relating to Board Composition, specifically relating to combination of board chair and CEO roles.
- L&G's ESG scoring framework, including key factors considered within the scores, weighting of ESG components and rationale for changes in BP Plc's score.
- L&G's engagement with counterparties and government bodies on ESG related topics and what impact this engagement has had.

The Trustees received reporting on L&G's engagement activity. L&G carried out 2,911 engagements with 2,801 companies over the scheme year. Engagements primarily focused on climate change, remuneration and deforestation.

The main methods of engagement were written communication and conference calls.

Review of policies

The Trustees are committed to reviewing LGIM's RI policies on an ongoing basis. This considers the manager's broader approach to responsible investment issues, their voting policies and changes in approach by the manager over the year.

The Trustees and their advisors remain satisfied that LGIM's responsible investment policies and voting policies remain suitable for the Scheme.

Prepared by:

Trustees of the Legal Services Commission Staff Pension and Assurance Scheme (No 4)

September 2026