

COVERING THE SCHEME YEAR FROM 1 JANUARY 2024 TO 31 DECEMBER 2024

The Trustee of the Marylebone Cricket Club Pension & Assurance Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Sections 2 and 3 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 should be read in conjunction with Scheme's SIP that was in force during the Scheme Year, dated 6 November 2023, a copy of which can be found here: www.lords.org/getattachment/838fe066-53c0-487f-a835-f17a75a42bdc/F024-Statement-of-Investment-Principles-2025.pdf

1. INTRODUCTION

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The last time these policies were formally reviewed was in November 2023.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to its investment manager, Legal & General Investment Management ("LGIM"), the exercise of rights and engagement activities in relation to investments. LGIM's voting and engagement activities are monitored as part of the production of this Statement.

Whilst no changes were made to the voting and engagement policies in the SIP, the Trustee has made some changes to the investment arrangements during the Scheme Year. This included the introduction of a new Liability Drive Investment ("LDI") portfolio with LGIM, following an improvement in the funding position of the Scheme. The LDI portfolio has been designed to reduce the volatility in the funding position of the Scheme going forwards caused by changes in interest rates and inflation expectations. An updated version of the SIP reflecting these changes was in the process of being approved at the time of writing this Statement.

2. VOTING AND ENGAGEMENT

The Trustee has delegated to its investment manager, LGIM, the exercise of rights attaching to investments, including voting rights, and engagement.

2. VOTING AND ENGAGEMENT CONTINUED

LGIM's policies can be found here: [**LGIM - Policies on voting rights and engagement**](#).

However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with LGIM.

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

The Trustee has set a Net Zero Ambition to align the Scheme's assets with net zero greenhouse gas emissions by 2050, to help mitigate climate risk. When selecting and reviewing investment managers and investing in their funds, a key consideration is whether the Trustee believes the managers are sufficiently aligned with this ambition.

In 2023, following the introduction of DWP's guidance, the Trustee also set Climate Change, Corporate Transparency and Business Ethics as its three stewardship priorities, to focus engagement with LGIM on these specific ESG factors. The Trustee did not make any changes to these stewardship priorities during the Scheme Year.

The Trustee has previously communicated its stewardship priorities, net zero ambition and broader responsible investment expectations to LGIM.

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.

3. DESCRIPTION OF VOTING BEHAVIOUR DURING THE SCHEME YEAR

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment manager 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 Scheme Year. However, the Trustee monitors the manager's voting and engagement behaviour on an annual basis and will challenge the manager where its activity has not been in line with the Trustee's expectations.

In this section the Trustee has sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- **LGIM Low Carbon Transition Global Equity Index Fund**
- **LGIM Dynamic Diversified Fund**

In addition to the above, the Trustee asked LGIM if any of the other fund's the Scheme invests in with it had voting opportunities over the Scheme Year. LGIM has confirmed that this was not the case.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which LGIM has in place.

LGIM'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. LGIM's voting policies are reviewed annually and take into account feedback from their clients.

3. DESCRIPTION OF VOTING BEHAVIOUR DURING THE SCHEME YEAR CONTINUED

All voting decisions are made by LGIM'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 helps ensure LGIM's stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the voting decision process, which aims to provide consistent messaging to companies.

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

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

LGIM 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 LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

3.2 Summary of voting behaviour

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

	LGIM LOW CARBON TRANSITION GLOBAL EQUITY INDEX FUND	LGIM DYNAMIC DIVERSIFIED FUND
Total size of fund at end of the Scheme Year	£5.8bn	£0.9bn
Value of Scheme assets at end of the Scheme Year (£ / % of total assets*)	£2.1m / 5.7%	£3.8m / 10.5%
Number of equity holdings at end of the Scheme Year	2,719	7,078
Number of meetings eligible to vote	4,786	10,177
Number of resolutions eligible to vote	47,788	102,973
% of resolutions voted	99.8%	99.8%
Of the resolutions on which voted, % voted with management	79.5%	76.7%
Of the resolutions on which voted, % voted against management	19.5%	22.6%
Of the resolutions on which voted, % abstained from voting	1.0%	0.7%
Of the meetings in which the manager voted, % with at least one vote against management	62.2%	71.8%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11.1%	14.1%

Figures may not sum to 100% due to rounding. *Excludes Net Current Assets.

3. DESCRIPTION OF VOTING BEHAVIOUR DURING THE SCHEME YEAR CONTINUED

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from LGIM, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes.

This has been done by first requesting that LGIM provide a shortlist of votes, which comprises a minimum of ten of its most significant votes per fund, and suggested that LGIM could use the PLSA's criteria for creating this shortlist. From these shortlists, the Trustee has then used its discretion to choose a selection of "most significant vote" resolutions, aiming to provide a broad range of example resolutions that LGIM voted on, and prioritised those resolutions that relate to the Trustee's stewardship priorities for the Scheme.

By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

LGIM Low Carbon Transition Global Equity Index Fund

Apple Inc, 28 February 2024

Summary of resolution: Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy.

Company management recommendation: Against

Manager vote cast: Against

Rationale: LGIM voted against this shareholder resolution as in its view the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.

Outcome of the vote and next steps: Failed

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates all of its vote instructions on its website where it votes against management recommendations. However it is LGIM's policy not to engage with investee companies in the three weeks prior to AGMs.

Approx size of the fund's holding at the date of the vote: 4.9%

Relevant stewardship priority: Corporate Transparency

Microsoft Corporation, 10 December 2024

Summary of resolution: Report on AI Data Sourcing Accountability

Company management recommendation: Against

Manager vote cast: For

Rationale: LGIM voted for this resolution 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.

3. DESCRIPTION OF VOTING BEHAVIOUR DURING THE SCHEME YEAR CONTINUED

Outcome of the vote: Failed

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates all of its vote instructions on its website were it votes against management recommendations. However it is LGIM's policy not to engage with investee companies in the three weeks prior to AGMs.

Approx size of the fund's holding at the date of the vote: 4.1%

Relevant stewardship priority: Business ethics

Broadcomm Inc, 22 April 2024

Summary of resolution: Elect Director Henry Samueli

Company management recommendation: For

Manager vote cast: Against

Rationale: LGIM voted against this resolution in line with its "Climate Impact Pledge" – it will vote against the re-election of directors where in its view a company is deemed to not meet minimum standards with regard to climate risk management.

Outcome of the vote: Passed

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates all of its vote instructions on its website were it votes against management recommendations. However it is LGIM's policy not to engage with investee companies in the three weeks prior to AGMs.

Approx size of the fund's holding at the date of the vote: 0.9%

Relevant stewardship priority: Climate Change

LGIM Dynamic Diversified Fund

Shell Plc, 21 May 2024

Summary of resolution: Approve the Shell Energy Transition Strategy

Company management recommendation: For

Manager vote cast: Against

Rationale: LGIM voted against this resolution. LGIM acknowledges the substantive progress the company has made in respect of climate related disclosure and the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity targets, coupled with the ambition to grow its gas and LNG business this decade, it expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. It would also like to see further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonisation strategy.

Outcome of the vote: Passed

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates all of its vote instructions on its website were it votes against management recommendations. However it is LGIM's policy not to engage with investee companies in the three weeks prior to AGMs.

Approx size of the fund's holding at the date of the vote: 0.3%

Relevant stewardship priority: Climate Change

3. DESCRIPTION OF VOTING BEHAVIOUR DURING THE SCHEME YEAR CONTINUED

National Grid plc, 10 July 2024

Summary of resolution: Approve Climate Transition Plan

Company management recommendation: For

Manager vote cast: For

Rationale: LGIM voted for this resolution as it is comfortable with 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.

Outcome of the vote: Passed

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates all of its vote instructions on its website were it votes against management recommendations. However it is LGIM's policy not to engage with investee companies in the three weeks prior to AGMs.

Approx size of the fund's holding at the date of the vote: 0.2%

Relevant stewardship priority: Climate Change

Nestle SA, 18 April 2024

Summary of resolution: Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods

Company management recommendation: Against

Manager vote cast: For

Rationale: LGIM was one of the co-filers of this resolution. It calls for more effective targets to increase the availability of healthier food choices for consumers. There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs and decreased productivity, both of which it believes will have negative impacts on the economy. As the largest food company in the world it believes Nestle sets an example for the rest of the industry in terms of driving positive change and raising market standards.

Outcome of the vote: Failed

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates all of its vote instructions on its website were it votes against management recommendations. However it is LGIM's policy not to engage with investee companies in the three weeks prior to AGMs.

Approx size of the fund's holding at the date of the vote: 0.2%

Relevant stewardship priority: Business Ethics