

Title – Voting and engagement

1 January 2025 – 31 December 2025

London Stock Exchange Group Pension Scheme

Introduction

Under regulatory requirements, the Trustee is required to produce an annual Implementation Statement (the “Statement”) setting out how voting and engagement policies in the Statement of Investment Principles (the “SIP”) have been implemented.

This Statement has been prepared by the Trustee of the London Stock Exchange Group Pension Scheme (“the Scheme”), covering the period 1 January 2025 to 31 December 2025. Both the LSE Section and LCH Section of the Scheme entered into bulk annuity insurance contracts in May 2023. To fund the purchase of these contracts, both Sections’ liquid assets were fully disinvested in March 2023, and the LSE Section’s illiquid assets were sold in September 2023.

- **The LCH Section** entered into a bulk annuity insurance contract to cover all members, which is expected after the data cleanse activities underway to provide an exact match for all of the Section’s accrued liabilities and is intended to provide an income to the Scheme matching the ongoing benefits due to the LCH Section’s members (e.g. pension payments) over the life of the Scheme. Most of the remaining assets have been invested in a Sterling liquidity fund to meet any balancing premium payments, and some cash has also been retained in the Trustee bank account to meet ongoing expenses.
- **The LSE Section** entered into two bulk annuity insurance contracts. Together, these policies cover all members of the LSE Section. In combination, these bulk annuity insurance contracts are expected after the data cleanse activities underway to provide an exact match for the majority of the LSE Section’s accrued liabilities and are intended to provide an income to the Scheme matching the ongoing benefits due to the LSE Section’s members (e.g. pension payments) over the life of the Scheme. The residual cash holdings of the LSE Section have been retained in the Trustee bank account to meet ongoing expenses.

This Statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended, and the guidance published by the Pensions Regulator.

From 1 October 2022, further Department of Work and Pensions (“DWP”) guidance on the reporting of stewardship activities through Implementation Statements came into effect. This Statement aligns with the latest guidance and with the DWP’s updated stewardship expectations.

This Statement sets out how the Trustee’s policy on stewardship and engagement has been implemented. However, as the current asset allocations consist of bulk annuities, cash held within the Trustee Bank Account and a pooled liquidity fund (LCH Section only), there are no longer any voting rights associated with the Scheme’s holdings, with limited scope for wider stewardship activities.

Changes to the SIP over the period

The latest update to the [SIP](#) was in October 2023. There were no updates to the SIP over 2025.

The Trustee’s policies on voting and engagement

The SIP clearly details the Trustee’s recognition of good stewardship practices, including engagement and voting activities, which are important as they help preserve and enhance asset owner value over the long-term despite its own restricted ability to practice given current investments.

As per the Scheme's SIP, The Trustee expects its investment managers to practice good stewardship, where possible. This includes monitoring and engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.

ESG considerations were used as a factor in the selection of the bulk annuity insurers and as part of the wider insurer due diligence prior to the bulk annuity purchases.

As of 31 December 2025, both Sections of the Scheme do not invest in any assets with associated voting rights. Due to the short-term nature of the cash held in the Trustee Bank Account and Sterling liquidity fund assets, the ability to practice good stewardship is limited.

Across both Sections, as of 31 December 2025, the only investment manager is Schrodgers, who are a signatory of the UK Stewardship Code. The Code sets out a clear benchmark for stewardship as the responsible allocation, management, and oversight of capital to create long-term value.

Summary of significant votes over the period:

As referenced above, over the period, the Sections did not invest in assets which have associated voting rights. Notwithstanding the current lack of relevant investments, the Trustee has previously defined what it considers would constitute a significant vote. Any votes that are applicable to at least one of the following are considered as significant to the Trustee:

- A vote which either relates to:
 - i. A company that is one of the fund's largest carbon emitters, or
 - ii. A company that is one of the 170 CA100+ companies which might provide a reasonable proxy.
- Those resolutions with large votes against (a 50% vote against the company recommendation is clearly significant, but 20% against is usually deemed a high level; but in some markets on some issues less than this can be significant).
- Companies facing campaigns: campaigns include but are not limited to activist action, attention from industry groupings and/or shareholder resolutions. That would certainly include climate shareholder resolutions (not least those flagged by The Institutional Investors Group on Climate Change "IIGCC" and its equivalents around the world).
- A vote that has a positive steer on climate change or other ESG factors.

Concluding remarks

The Trustee is comfortable that the voting and engagement policies in the SIP have all been adequately followed over the Scheme year, where relevant, noting the wider Scheme context. The Trustee is satisfied that the implementation of the Trustee's policies for both the LSE Section and LCH Section is consistent with the Statement of Investment Principles and is appropriate for the circumstances of the Scheme.
