

George Fischer Pension Scheme

Engagement Policy Implementation Statement for the year ending 31 December 2024

Introduction

This implementation statement has been prepared by the George Fischer Pension Scheme (the 'Scheme'). The Scheme provides benefits calculated on a defined benefit (DB) basis for members.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles (the 'SIP')) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 December 2024. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

Trustees' overall assessment

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ending 31 December 2024.

Review of the SIP

The Trustees' policies have been developed over time by the Trustees in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

Policy in relation to the kinds of investments to be held

The Trustees have given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding the kinds of investments to be held. The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index linked bonds, cash, property and pooled investment vehicles considered appropriate for tax-exempt approved occupational pension schemes. The Trustees consider all of the stated classes of investment to be suitable in the circumstances of the Scheme.

All investments made during the year have been in line with their investment powers.

Investment strategy and objectives

Investment strategy

The investment strategy for the Scheme is based on an analysis of its liability profile, the required investment return and the returns expected from the various asset classes over the long-term. The Trustees review this investment strategy and the asset allocation as part of each triennial actuarial valuation. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

Policy in relation to the balance between various kinds of investments and the realisation of investments

The appointed indirect investment managers hold a diversified mix of investments in line with their agreed benchmarks and within their discretion to diverge from the benchmarks. Within each major market each indirect manager maintains a diversified portfolio of holdings through pooled vehicles.

The Trustees require the indirect investment managers to be able to realise the Scheme's investment in a reasonable timescale by reference to the market conditions existing at the time the disposal is required.

During the year, the Trustees received training on LDI/de-risking, collateral and hedge monitoring.

Policy in relation to the expected return on investments

The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report to reach / maintain a fully funded status under the agreed assumptions.

Risk capacity and risk appetite

Policy in relation to risks

Although the Trustees acknowledge that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustees recognise other contributory risks, including the following. Namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Scheme having insufficient liquid assets to meet its immediate liabilities.
- Of the indirect investment managers in aggregate failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Scheme's Sponsoring Employer to meet its obligations.

The Trustees implemented a Cashflow Management Policy in 2024, along with quarterly collateral monitoring to better assess and mitigate liquidity and cashflow risks.

The Trustees monitor indirect investment manager risks through the biannual performance monitoring reports and annual cost disclosure documents provided by and discussed with the investment consultant.

Two monitoring reports were received during the year. These did not highlight any significant concerns over the level of risk being run within the Scheme.

Stewardship in relation to the Scheme assets

Policies in relation to indirect investment manager arrangements

The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the indirect investment managers, for their services. The Trustees have very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

The Trustees receive information on any trading costs incurred as part of asset transfer work within the Scheme, as and when these occur. The exercise is only undertaken if the expected benefits outweigh the expected costs.

The Trustees implemented a new investment strategy in early 2024. As part of this, the Scheme fully redeemed its holdings in the Nordea Diversified Return Fund and the LGIM Active Corporate Bond Fund, reallocating to TwentyFour's Monument Bond Fund and LGIM's Maturing Buy and Maintain Credit 2025-2029 Fund.

In October 2024, the Scheme also increased its target level of interest rate and inflation hedging to c75% of the estimated liabilities valued on a Low Dependency basis.

The indirect investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustees have paid their indirect investment managers a fee which is a fixed percentage of assets under management.

The investment consultant has reviewed and evaluated the indirect investment managers on behalf of the Trustees, including performance reviews, manager oversight meetings and operational due diligence reviews.

Indirect Investment manager monitoring and changes

During the year the Trustees received two reports from the investment consultant examining the performance of the pooled funds used. The Trustees also received reports directly from the platform provider.

Appropriate written advice will be taken from the investment consultant before the review, appointment, or removal of the indirect investment managers.

Stewardship of investments

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long-term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly, via the platform provider or through their indirect investment managers.

The Trustees, in conjunction with their investment consultant, appoint their platform provider and indirect investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect their indirect investment managers to make decisions based on assessments about the financial and non-financial performance of underlying investments (including environmental, social and governance (ESG) factors), and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees' objective is that the financial interests of the Scheme members is their first priority when choosing investments. The Trustees will take members' preferences into account if they consider it appropriate to do so.

Non-financial matters may be taken into account if the Trustees have good reason to think that the members would share the concern; and that the decision does not involve a risk of significant detriment to members' financial interests.

Stewardship - monitoring and engagement

The Trustees recognise that indirect investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the indirect investment managers and to encourage the indirect managers to exercise those rights. The indirect investment managers in conjunction with the platform provider are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the indirect investment managers and they expect the indirect investment managers to use their discretion to maximise financial returns for members and others over the long term.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

Indirect Investment manager engagement policies

The Scheme's indirect investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the

Trustees with information on how each indirect investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the indirect investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental, and corporate governance aspects.

Links to each indirect investment manager’s engagement policy or suitable alternative is shown in the appendix.

These policies are publicly available on each of the investment manager’s websites.

The latest available information provided by the investment managers (with mandates that contain public equities or corporate bonds) is as follows:

Engagement	LGIM Global (ex UK) Fixed Weights Equity Index Fund	LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged	LGIM Maturing Buy & Maintain Credit 2025-2029 Fund	M&G Total Return Credit Investment Fund
Period	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.			
Number of companies engaged with over the year	843	1149	158	10
Number of engagements over the year	1397	1921	332	10

The LGIM Multi-Asset (formerly Consensus) Fund has been excluded on materiality grounds given the small size of the investment. LGIM did not provide engagement statistics for non-equity funds.

TwentyFour have not provided engagement data for the calendar year 2024.

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The indirect investment managers who hold equities on behalf of the Scheme are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers. The indirect investment managers publish online the overall voting records of the firm on a regular basis.

All indirect investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their indirect investment managers but rely on the requirement for their indirect investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the indirect investment managers (with mandates that contain equities) is as follows:

Voting behaviour	LGIM Global (ex UK) Fixed Weights Equity Index Fund	LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged
Period	01/01/2024-31/12/2024	01/01/2024-31/12/2024
Number of meetings eligible to vote at	2,072	2,971
Number of resolutions eligible to vote on	26,243	37,861
Proportion of votes cast	99.6%	99.7%
Proportion of votes for management	77.0%	81.9%
Proportion of votes against management	22.7%	17.8%
Proportion of resolutions abstained from voting on	0.4%	0.3%

Figures may not sum to 100% due to rounding.

Trustees' engagement

The Trustees have undertaken a review of each indirect investment manager's engagement policy including their policies in relation to financially material considerations.

The Trustees have considered the environmental, social and governance rating for each fund/indirect investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

The Trustees may also consider reports provided by other external ratings providers.

Where an indirect investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustees may consider whether to engage with the indirect investment manager.

The Trustees have reviewed the indirect investment managers' policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices, and reporting, will continue to evolve over time and are supportive of their indirect investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the engagement policies for each of the investment managers can be found here:

Investment manager	Engagement policy
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf
M&G Investment Management	https://www.mandg.com/~media/Files/M/MandG-Plc/documents/mandg-investments-policies/2023/mginv-engagement-policy-06-23.pdf
TwentyFour	https://www.twentyfouram.com/engagement-at-twentyfour https://www.twentyfouram.com/document/c4b29e95-c942-45f2-a937-39e17a9f9e74/TwentyFour-Engagement-Policy_20221110_EN.pdf

Information on a selection of the most significant votes for each of the funds containing public equities is shown below. These were selected based on size of holding as a % of the fund as at the date of the vote.

LGIM Global (ex UK) Fixed	Vote 1	Vote 2	Vote 3
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**Weights Equity
Index Fund**

Company name	Apple Inc.	Microsoft Corporation	Nestle SA
Date of Vote	28/02/2024	10/12/2024	18/04/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.9	1.8	1.2
Summary of the resolution	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Resolution 9: Report on AI Data Sourcing Accountability	Resolution 7: Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods
How the fund manager voted	Against	For	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Shareholder Resolution - Environmental and Social: A vote	Shareholder Resolution - Governance: A vote FOR this resolution is	Shareholder proposal & Health & Nutrition: A vote FOR is applied. LGIM is

	<p>AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and nondiscrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.</p>	<p>warranted 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.</p>	<p>one of the co-filers of this resolution. LGIM call 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 LGIM believe will have negative impacts on the economy. As the largest food company in the world LGIM believe Nestle© sets an example for the rest of the industry in terms of driving positive change and raising market standards.</p>
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	<p>LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>		

<p>Criteria on which the vote is assessed to be “most significant”</p>	<p>Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.</p>	<p>High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.</p>	<p>Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to nutrition being an important topic for investors because it has a significant impact on the health and well-being of individuals, communities and societies. The interconnected challenges of obesity, undernutrition and micronutrient deficiencies is estimated to be 5% of global income, or \$3.5 trillion, per annum. Nutrition is therefore one of LGIM’s global stewardship sub-themes, under the umbrella of Health.</p>
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LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged

Vote 2

Vote 3

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Company name	Shell Plc	Unilever Plc	Glencore Plc
Date of Vote	21/05/2024	01/05/2024	29/05/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.9	2.1	1.2
Summary of the resolution	Resolution 22: Approve the Shell Energy Transition Strategy	Resolution 4: Approve Climate Transition Action Plan	Resolution 12: Approve 2024-2026 Climate Action Transition Plan
How the fund manager voted	Against	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Climate change: A vote against is applied. LGIM acknowledge the substantive progress	Climate change: A vote FOR the CTAP is applied as LGIM understand it to meet LGIM's minimum	Climate Change: A vote against is applied as LGIM expects companies to introduce credible transition

<p>the company has made in respect of climate related disclosure over recent years, and LGIM view positively 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 (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, LGIM seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels</p>	<p>expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, LGIM note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.</p>	<p>plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM note the progress the company has made in terms of disclosure, they remain concerned over the company's thermal coal activities, as it remains unclear how the planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario.</p>
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against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, LGIM would benefit from 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 decarbonization strategy.

Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put

<p>forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	<p>transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	<p>forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>
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Information on a selection of the most significant engagement case studies for LGIM as a company as at 31 December 2023 (latest available) is shown below:

LGIM - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Aegon Ltd	Sainsbury's	Exxon Mobil
Topic	Governance	Social: Income inequality - living wage (diversity, equity and inclusion)	Environment: Climate change (Climate Impact Pledge)
Rationale	Following the disposal of Aegon Netherlands to ASR, Aegon no longer had insurance activities in the Netherlands. This transaction had transformed Aegon into an international insurance and asset	With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is the second largest supermarket in the UK. Although	As one of the world's largest public oil and gas companies, LGIM believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the

<p>management company. Since now over 99.5% of Aegon's insurance businesses are not located in jurisdictions where Solvency II is the governing capital framework, Aegon made the decision to redomicile in Bermuda under the supervision of the Bermuda Supervision Authority (BMA). This required a vote by shareholders at an Extraordinary General Meeting on 30 September.</p> <p>While the business rationale was sound, the main concerns with this proposal for LGIM were that the new regulatory framework would adversely impacted shareholders rights, and potentially its capital position. The key issues included: 1) No pre-emptive rights for existing shareholders on the issuance of common shares; (2) No shareholder approval would be required for share buybacks; and (3) No shareholder approval would be required for annual final dividend</p>	<p>Sainsbury's is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited.</p> <p>Ensuring companies take account of the 'employee voice' and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of LGIM's stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, their work on income inequality and LGIM's expectations of companies regarding the living wage have acquired a new level of urgency.</p>	<p>potential for significant influence across the industry as a whole, and particularly in the US.</p> <p>At LGIM, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate-critical sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains.</p>
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<p>payments, amongst other issues.</p> <p>Consequently, LGIM decided to engage with Aegon management team ahead of the EGM in order to highlight their concerns on the weakening of shareholder rights under the proposed redomicile and amendments to the Company's Articles of Incorporation. Given concerns amongst investors and third-party service providers, such as ISS, LGIM sought to lend their voice to influence the proposals and push for enhanced shareholders rights ahead of the vote. Additionally, LGIM wanted to better understand the impact of the new supervisory environment on the business to ensure that it would not adversely impact both creditors and shareholders.</p>	<p>As a responsible investor, LGIM advocates that all companies should ensure that they are paying their employees a living wage and that this requirement should also be extended to all firms with whom they do business across their Tier 1 and ideally Tier 2, supply chains.</p> <p>LGIM expect the company board to challenge decisions to pay employees less than the living wage.</p> <p>LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees.</p> <p>In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had</p>	<p>LGIM's in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM's minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>LGIM's Climate Impact Pledge 'red lines' for the oil & gas sector are:</p> <ul style="list-style-type: none"> - Has the company committed to net-zero operational emissions? - Does the company have time-bound methane reduction/zero flaring targets? - Does the company disclose its climate-related
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	<p>resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern.</p> <p>UN SDG 1: No poverty and SDG 8: Decent work and economic growth</p>	<p>lobbying activities, including trade association memberships, and explain the action it will take if these are not aligned with a 1.5°C scenario?</p> <p>UN SDG 13: Climate action</p>
<p>What the investment manager has done</p>	<p>LGIM were in touch with Aegon's Investor Relations team in early September ahead of a planned meeting with the CEO and management team at a roadshow in the US. LGIM noted their initial concerns with some of the proposed changes to the Company's Articles of Incorporation following the redomicile to a lower shareholder rights jurisdiction. This concern was also picked up by the main proxy advisory firms, ISS and Glass Lewis, who recommended negatively in respect of the proposed move.</p>	<p>LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London.</p> <p>LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements failed to deliver change, LGIM then joined ShareAction in co-filing a shareholder</p>
		<p>LGIM have been engaging with Exxon Mobil since 2016 and they have, over time, participated willingly in discussions and meetings. Under their Climate Impact Pledge, LGIM identified a number of initial areas for concern, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in operational</p>

<p>Following engagement on 14 September, Aegon announced amended proposals on 15 September, that now provided for enhanced shareholder rights to more closely align with provisions previously in place, especially around capital management authorities.</p>	<p>resolution in Q1 2022, asking the company to become a living wage accredited employer. This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees to the real living wage.</p>	<p>reductions targets and; lack of disclosure of climate lobbying activities. Levels of individual typically engaged with include the Head of Sustainability, Lead Independent Director, the Company Secretary and Investors Relations.</p>
<p>LGIM also met with Aegon's CEO on 18 September. Given the importance of the vote on the Company's business performance, but potential negative effects on shareholder and creditor rights, the meeting was attended by the investment stewardship team as well as credit analysts both in London and the US. There was another follow-up meeting with the CEO only two days later, where changes to the proposals were discussed.</p>	<p>LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, contractors, i.e. cleaners and security guards, operating within Sainsbury's operations were excluded from the uplift.</p>	<p>LGIM's regular engagements with Exxon Mobil have focused on their expectations under the Climate Impact Pledge, as well as several other material issues for the company, including capital allocation and business resiliency. The improvements made have not so far been sufficient in their opinion, which has resulted in escalations. The first escalation was to vote against the</p>
	<p>In the previous four years LGIM have held eight company meetings with Sainsburys, with the</p>	<p>re-election of the Chair, from 2019, in line with their Climate Impact Pledge sanctions.</p>

<p>continued main focus on social inequality, whilst also covering broader topics such as capital management and biodiversity. They met with the CEO as well as the Chairman.</p> <p>In 2023, LGIM led its own campaign on income inequality where they targeted the largest global food retailers. Sainsbury's is one of the 15 companies LGIM are targeting. The campaign has as a consequence, a vote against the Chairman if LGIM's minimum requirements are not met by the time of their AGM in 2025.</p>	<p>Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as they considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM's engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting their continued wish for the company to take sufficient action on climate change in line with LGIM's minimum expectations.</p>
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Further escalating their engagement, LGIMA and CBIS co-filed a shareholder resolution at Exxon's 2023 AGM, requesting the company to disclose the quantitative impact of the IEA NZ scenario on all asset retirement obligations (AROs). The proposal was centred around disclosure and seeking greater insight into the potential costs associated with the decommissioning of Exxon's assets in the event of an accelerated energy transition. LGIM believe this is a fundamental level of information for the company's shareholders, in light of growing investor concerns about asset retirement obligations (AROs) in a carbon constrained future, and that it is

			<p>financially material information. The proposal received over 16% support from shareholders which, although lower than LGIM would have liked, demonstrates an increasing recognition of the importance of this issue for investors.</p>
<p>Outcomes and next steps</p>	<p>With pressure applied on the Company by both investors and proxy advisers, LGIM were able to push for improved shareholder rights and amended terms ahead of the vote taking place at the EGM.</p> <p>Both ISS and Glass Lewis changed their vote recommendations on the proposal upon the announcement on 15 September by the Company of changed terms and commitments, and LGIM felt comfortable to support all resolutions at the EGM. The redomicile of Aegon was overwhelmingly approved by shareholders with</p>	<p>Since LGIM co-filed the shareholder resolution in 2022, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. LGIM welcome these actions which demonstrate the value the board places on its workforce. LGIM continue to engage with Sainsburys and have asked the board to collaborate</p>	<p>Since 2021, LGIM have seen notable improvements from Exxon Mobil regarding their key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, improved disclosure of lobbying activities and more recently, the commitment made by the company to join the leading global partnership on</p>

<p>98.7% of shares voted in favour.</p>	<p>with other key industry stakeholders to bring about a living wage for contracted staff.</p>	<p>methane, OGMP 2.0. However, there are still key areas where LGIM require further improvements,</p>
	<p>While the company may have been in the process of raising salaries, LGIM'S campaigned engagement and shareholder resolution would have fast tracked the end result. It has also made the company aware of how important this topic is to their investors.</p>	<p>including inclusion of Scope 3 emissions targets, further quantifiable disclosure of business resiliency and asset retirement obligations across relevant scenarios, capital allocation, and improving the level of ambition regarding interim targets. LGIM are also seeking</p>
	<p>LGIM are continuing to engage with Sainsbury's, both individually and collaboratively with the ShareAction Good Work Coalition, and have met with them a number of times during 2023 as part of their living wage campaign, directed at 15 large global supermarkets. In addition to setting objectives regarding the living wage for these companies'</p>	<p>further transparency on their lobbying activities.</p>
		<p>The company remains on LGIM's divestment list (for relevant funds), but engagement with them continues. In terms of LGIM's next steps, they will continue their direct engagements with the company under their Climate Impact Pledge and separately, to</p>

own operations, LGIM also expect them to take certain actions regarding their Tier 1 and ideally Tier 2 supply chains.

LGIM have been engaging with the Chairman, the Chief Executive and investor relations in relation to LGIM's expectations.

The milestones set under this campaign relate to expectations that, should they be achieved, they would not only improve wages for significant numbers of low-paid workers around the world but also, given these companies' influence in their respective countries and supply chains, LGIM would expect there to be a knock-on impact as competitors and smaller peers would then be compelled to follow suit. LGIM would hope that this would improve the

better understand challenge Exxon on their approach to the energy transition, where financial material issues such as disclosure the potential costs to retire their long-lived assets and decarbonisation levers being some of the key discussion points. LGIM will also be engaging with proxy advisors and fellow investors to better understand their voting rationale.

LGIM were pleased to see progress from the company in terms of joining the Oil and Gas Methane Partnership ('OGMP') 2.0 – the flagship oil and gas reporting and mitigation programme on methane, of which many global oil and gas companies, including BP and Shell, are already members. LGIM have been working

livelihood of thousands of workers and their families and also boost GDP.

LGIM may consider co-filing some shareholder resolutions in 2024 at some of the companies targeted under this campaign.

closely and collaboratively with EDF to raise awareness of the issue (letters, meetings, public statements) and applying pressure on oil and gas companies to join the OGMP initiative since 2021 – Exxon being one of them, through LGIM's direct engagements with the company under their Climate Impact Pledge. Exxon had demonstrated reluctance, previously, to sign up to the OGMP and LGIM voted in favour of a shareholder resolution tabled at its 2023 AGM, requesting that the company produce a report on methane emission disclosure reliability, which received 36.4% support from shareholders. Public and shareholder pressure, growing

membership of the OGMP and Exxon's recent acquisition of OGMP member Pioneer Natural Resources appear to have swayed the company towards greater transparency.

Greater transparency is crucial in terms of enabling markets and investors to accurately price climate-related risks and opportunities which, in turn, is an incentive for companies to make the changes LGIM are seeking.
