

**Trustee's Report (continued)**

## Implementation Statement (forming part of the Trustee's report)

**I.F.F. (G.B.) Pension and Life Assurance Plan****Engagement Policy Implementation Statement for the year ended 31 December 2023****Introduction**

The Trustee Directors of the I.F.F. (G.B.) Pension and Life Assurance Plan (the 'Plan') 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 Trustee Directors can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through the investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustee Directors, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 December 2023. This statement also describes the voting behaviour by, or on behalf of, the Trustee Directors.

The Trustee Directors, based on advice received from their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. The Trustee Directors expect the investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making

process. The financial interests of the Plan members are the Trustee Directors' first priority when choosing investments. The Trustee Directors will take members' preferences into account if they consider it appropriate to do so.

During the year, the Trustee Directors received training from their investment consultant on the dynamics of liability driven investment funds and the approach towards holding these funds.

**Stewardship - monitoring and engagement**

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

The Trustee Directors acknowledge that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments, gilt and liability-driven investments. As such the Plan's investments in these asset classes are not covered by this engagement policy implementation statement.

The Trustee Directors' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustee Directors detailing their voting activity.

The Trustee Directors also delegate responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustee Directors seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown on the next page:

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Stewardship – monitoring and engagement (continued)**

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
AXA	Yes	Yes
Baillie Gifford	Yes	Yes
Insight	Yes	Yes
LGIM	Yes	Yes
M&G	Yes	Yes

The Trustee Directors have not set out their own stewardship priorities but follow that of the investment managers.

If the Trustee Directors find any manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

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

**Investment manager engagement policies**

The Plan's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee Directors with information on how the investment managers engage 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 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 the investment managers' engagement policies or suitable alternatives are provided in the Appendix.

These policies are publicly available on each investment manager's website.

The latest available engagement information provided by the investment managers (for mandates that contain public equities or bonds) is as follows on the next page:

## Trustee's Report (continued)

### Implementation Statement (forming part of the Trustee's report) (continued)

#### Investment manager engagement policies (continued)

Engagement				
	AXA Global Factors - Sustainable Equity Fund	Baillie Gifford Global Alpha Growth Fund	LGIM Absolute Return Bond Fund	M&G Total Return Credit Investment Fund
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023
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	72	56	73	6
Number of engagements over the year	99	88	143	8

#### Exercising rights and responsibilities

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

The investment managers 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 Trustee Directors have been provided with details of what each investment manager considers to be the most significant votes. The Trustee Directors have not influenced the manager's definitions of significant votes but have reviewed these and are satisfied that they are all reasonable and appropriate.

The Trustee Directors have selected the three votes affecting the largest asset holdings for inclusion in this statement.

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

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

The Trustee Directors 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.

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Exercising rights and responsibilities (continued)**

The latest available information provided by each investment manager (for mandates that contain public equities) is as follows:

<b>Voting behaviour</b>		
	<b>AXA Global Factors - Sustainable Equity Fund</b>	<b>Baillie Gifford Global Alpha Growth Fund</b>
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023
Number of meetings eligible to vote at	332	90
Number of resolutions eligible to vote on	5,259	1,228
Proportion of votes cast	99.5%	94.1%
Proportion of votes for management	82.7%	95.2%
Proportion of votes against management	17.2%	3.2%
Proportion of resolutions abstained from voting on	0.1%	1.6%

**Trustee's engagement**

The Trustee Directors, in their opinion, followed the Plan's voting and engagement policies during the year, by continuing to delegate to each investment manager, the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustee Directors have undertaken a review of each investment manager's engagement policy including their policies in relation to financially material considerations and have found them to be acceptable at the current time.

The Trustee Directors have considered the environmental, social and governance rating for each fund/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 Trustee Directors may also consider reports provided by other external ratings providers.

Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustee Directors will consider whether and how to engage with the investment manager.

The Trustee Directors have reviewed the significant votes and engagement behaviour of each investment manager from time to time and believe that this is broadly in line with the investment managers' policies stated policies and has not diverged significantly from any independent stewardship priorities identified for the Plan, from time to time.

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

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Appendix**

Links to the Engagement Policies for each of the investment managers can be found here:

Investment manager	Engagement Policy (or suitable alternative)
AXA	<a href="https://www.axa-im.com/responsible-investing">https://www.axa-im.com/responsible-investing</a>
Baillie Gifford	<a href="https://www.bailliegifford.com/en/uk/intermediaries/literature-library/corporate-governance/our-stewardship-approach-esg-principles-and-guidelines/">https://www.bailliegifford.com/en/uk/intermediaries/literature-library/corporate-governance/our-stewardship-approach-esg-principles-and-guidelines/</a>
Insight	<a href="https://www.insightinvestment.com/investing-responsibly/">https://www.insightinvestment.com/investing-responsibly/</a>
LGIM	<a href="https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf">https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf</a>
M&G	<a href="https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/mandg-investments-policies/mg-investments-engagement-policy-may-2022.pdf">https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/mandg-investments-policies/mg-investments-engagement-policy-may-2022.pdf</a>

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast**

Information on the most significant votes for each of the funds containing public equities is shown below.

AXA Global Factors - Sustainable Equity Fund	Vote 1	Vote 2	Vote 3
Company name	Alphabet Inc.	Amazon.com, Inc.	Costco Wholesale Corporation
Date of vote	02/06/2023	24/05/2023	19/01/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.9%	0.8%	0.6%
Summary of the resolution	Disclose More Quantitative and Qualitative Information on Algorithmic Systems	Publish a Tax Transparency Report	Elect Director Hamilton E. James
How the investment manager voted	FOR the shareholder proposal	FOR the shareholder proposal	Against Management
Where the investment manager voted against management, did they communicate their intent to the company ahead of the vote	No	No	No
Rationale for the voting decision	Given the outsized impact of Alphabet, holding company of Google, on society, we have been engaging the Company on responsible technology issues since 2019, with a specific focus on the data privacy, human rights and on the implementation of best-in-class privacy policies and practices, integration of relevant human rights and privacy-	Amazon had some controversies on this, and does not disclose revenues, profits or tax payments in non-US markets, the GRI Tax Standard is a global standard for public tax disclosure and will enable to assess if Amazon is engaged in responsible tax practices.	Despite the fact that 70% of the shareholders supported a shareholder proposal asking for a Report on GHG Emissions Reductions Targets at the 2022 AGM, the company did not take many of the steps asked for by the proposal and appears to still lag peers in terms of targets timeline setting.



**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

AXA Global Factors - Sustainable Equity Fund	Vote 1	Vote 2	Vote 3
Rationale for the voting decision (continued)	<p>related indicators in executive pay. As part of this engagement, in 2019 we co-signed a letter to the Board Chair requesting a meeting to discuss the management of human rights issues and the implementation of the UN Guiding Principles on Business and Human Rights across the company's operations and value chain. In absence of satisfactory response, we decided to co-file a shareholder resolution at Alphabet's 2020 general meeting requesting the company to establish a Human Rights Risk Oversight Committee of the Board of Directors. Since then, we continued to regularly meet with the company to discuss human rights issues. As part of the Global Network Initiative, Alphabet gets its HR &amp; privacy risk assessments reviewed by an external third party, and the Board and Audit committee are frequently updated by the Chief privacy officer and the privacy counsel.</p>		<p>It does not appear to disclose in its 2022 Proxy Statement information about shareholder outreach on this subject, and the company never responded to our enquiry on this. It has improved its disclosure and targets and appears to have made progress on assessing its emissions and risk and opportunities related to climate change, and has incorporated environmental metrics (including progress in controlling emissions) into the annual incentive program for executive officers; but numerical targets associated with these metrics are not disclosed in the proxy statement. To show our disagreement, we decided to vote against the Chair.</p>

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

AXA Global Factors - Sustainable Equity Fund	Vote 1	Vote 2	Vote 3
Rationale for the voting decision (continued)	<p>Moreover, the company decided in 2022 to integrate ESG objectives – encompassing human rights and privacy issues notably - in its new executive bonus program. While these are effective oversight measures, Alphabet remains under high scrutiny on HR &amp; privacy issues. Regulatory and reputational risks are increasing especially with the growing adoption of artificial intelligence systems that may increase risk of privacy violations and discrimination. We have therefore decided to co-file another shareholder proposal at Alphabet's 2023 AGM, requesting the company to provide more quantitative and qualitative information on its algorithmic systems. The company has faced media attention surrounding racial biases and stereotypes in its algorithmic systems and products. The rise of ChatGPT has created scrutiny that the company is prioritizing speed over caution in the AI race.</p>		



**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

AXA Global Factors - Sustainable Equity Fund	Vote 1	Vote 2	Vote 3
Rationale for the voting decision (continued)	<p>Although the company argues that increased disclosure could harm the quality of its services through potential manipulation, the proposal specifies that the increased disclosure would be up to management's discretion, so the company could avoid any harmful disclosures. The filer also points to recommendations from a variety of institutions which say increased disclosure would not require the company to disclose proprietary information, and the proponent gives reporting suggestions such as how the company uses its systems to target ads, error rates, and the impact of these systems on user experiences. Additional information on the company's algorithmic systems may assist us in assessing Alphabet's progress and management of related risks.</p>		

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

AXA Global Factors - Sustainable Equity Fund	Vote 1	Vote 2	Vote 3
Outcome of the vote	Rejected	Rejected	Accepted
Implications of the outcome	We will continue to push our investee companies to provide disclosure, transparency on the technology, human rights issues	We will continue to push our investee companies to be fully transparent on their tax practices.	In the event of a shareholder resolution being passed at the previous AGM, we will monitor the adoption of the demands of that resolution. If the company does not implement it, we will escalate by voting against the relevant director.
Criteria on which the vote is assessed to be "most significant"	Shareholder proposal filing	Best practices	Significant Governance Risk.

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

Baillie Gifford Global Alpha Growth Fund	Vote 1	Vote 2	Vote 3
Company name	Martin Marietta Materials, Inc.	Elevance Health, Inc.	Amazon.com, Inc.
Date of vote	11/05/2023	10/05/2023	24/05/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.5%	3.3%	2.1%
Summary of the resolution	Shareholder Resolution - Climate	Shareholder Resolution - Governance	Shareholder Resolution - Environmental
How the investment manager voted	Against	For	For
Where the investment manager voted against management, did they communicate their intent to the company ahead of the vote	Yes	No	No
Rationale for the voting decision	We opposed a shareholder proposal on carbon reduction targets. While we are supportive of the proposal in principle, we engaged with the board and received a clear commitment to make the climate efforts requested, albeit on a longer timescale.	We supported a shareholder resolution to lower the threshold to call special meetings, as we believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right.	We supported a shareholder resolution requesting a report on plastic use. Plastic pollution poses financial, operational and reputational risks to the company. While we continue to believe that Amazon are making progress, we think more could be done particularly with regards to how they influence their manufacturers in reducing their usage. We also believe the company lags peers who disclose total plastic use and reduction targets. Better addressing this issue will help position the company for long term future growth.

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

Baillie Gifford Global Alpha Growth Fund	Vote 1	Vote 2	Vote 3
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	Following our engagement, the Company committed to us to set SBTi targets, but requested a longer period than 12 months. We will be monitoring the progress.	We have explained our rationale to the company, which reflects changes to our firm-wide approach on the appropriate threshold for shareholders to call special meetings and is not specific to the company, and we will monitor the evolution of their governance practices.	This was a refile from the previous year. While we opposed last year because we felt the company was making good progress, this year we decided to support because while we continue to think the company is making good progress we want to push the company to continue in this positive trajectory. We communicated our views to the company post-vote and hope to engage on this topic later in the year.
Criteria on which the vote is assessed to be "most significant"	This resolution is significant because it was submitted by shareholders and received greater than 20% support.	This resolution is significant because it was submitted by shareholders and received greater than 20% support.	This resolution is significant because it was submitted by shareholders and received greater than 20% support.

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

Information on the most significant engagement case studies for the AXA Global Factors - Sustainable Equity Fund as at 31 December 2023 is shown below:

AXA Global Factors - Sustainable Equity Fund	Case study 1	Case study 2	Case study 3
Name of entity engaged with	Apple Inc.	Amazon.com Inc.	Iberdrola SA
Topic	Social Relations	Business Ethics	Corporate Governance
Rationale	After years of individual engagement with Apple, AXA decided to continue the engagement through their participant role in the Big Tech and Human rights collaborative initiative.	Besides their existing human rights-related engagement activities with Amazon, AXA IM co-signed a collective letter to Amazon's Board, initiated by Engagement International, requesting a dialogue on responsible tax. The letter expressed concerns that Amazon's tax principles do not address transparency, accountability, and alignment with value creation.	Ahead of the 2023 AGM, AXA took the opportunity of disclosing their vote intentions to the company to reiterate their engagement objective linked to the stringency of the annual bonus. This is an individual, governance focused engagement.
What the investment manager has done	The first step was to send the company a letter engagement detailing their engagement objectives and requesting a discussion. AXA expect Apple to take concrete measures to address human rights risks pertaining to its products and business model and to report on related impacts and efforts.	The letter urged Amazon to adopt best practices and publish a tax report using the GRI Standard. The letter followed AXA IM's support for tax shareholder proposal at the last AGM.	The company improved the level of ex-post disclosure in the remuneration report but still no structural changes in targets – therefore AXA consider engagement is progressing. That said, they have reiterated their expectations to ensure it will be considered as part of the remuneration policy review.

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

AXA Global Factors - Sustainable Equity Fund	Case study 1	Case study 2	Case study 3
What the investment manager has done (continued)	The initiative focuses on human rights KPIs related to (1) culture and business model, (2) content, (3) vulnerable groups, (4) access to remedy, and (5) stakeholder engagement.		Should no progress occur before the next vote on the remuneration policy, they may consider a vote against. They also mentioned their expectation to see the external CSR criteria carrying a reduced weight, in order to focus on internal CSR KPIs , which they see as more relevant.
Outcomes and next steps	Apple acknowledged reception of the letter but did not propose to have a meeting yet. AXA hope to have such a meeting in the near future.	AXA expect an answer from the company to start actual discussions.	AXA will continue the discussion with Iberdrola.

## Trustee's Report (continued)

### Implementation Statement (forming part of the Trustee's report) (continued)

#### Description of the most significant votes cast (continued)

Information on the most significant engagement case studies for the Baillie Gifford Global Alpha Growth Fund as at 31 December 2023 is shown below:

Baillie Gifford Global Alpha Growth Fund	Case study 1	Case study 2	Case study 3
Name of entity engaged with	MercadoLibre	BHP Group	Tesla
Topic	Environment - Climate resiliency	Environment - Climate change	Social - Human rights
Rationale	In 2023, we engaged with MercadoLibre, the Latin American e-commerce giant. The CFO, Pedro Arnt, facilitated a call between his sustainability team and our internal climate experts to discuss the company's initiatives on making its business model climate resilient, an important factor for their long-term success and our clients' investment outcomes.	Ahead of the November AGM, we spoke with Fiona Wild, VP of Climate and Sustainability and members of the IR team to discuss climate-related issues. Unlike last year, there were no specific related resolutions, but we have specific concerns regarding the extent of scope 3 ambition and the use of scenarios.	We engaged with Tesla in December 2023 to understand the potential implications of the recent labour issues in the Nordic countries that featured in media headlines.
What the investment manager has done	It was very clear from the outset that Mr Arnt views the sustainability of MercadoLibre's business model as completely integrated with his CFO role. The sustainability team was able to provide details on its various initiatives, but Mr Arnt's literacy with the subject was evident.	With improved climate-related disclosure in this year's annual report, we were able to have a constructive discussion on the development of scenario analysis.	We were informed that local employees and management in the region had been delegated responsibility for managing employee relations in-house as opposed to unionisation.



**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

Baillie Gifford Global Alpha Growth Fund	Case study 1	Case study 2	Case study 3
What the investment manager has done (continued)	<p>This mirrors our own view that MercadoLibre's continued strong social licence to operate is an important component of the investment case. We discussed how the company views the boundaries of its scope three emissions, particularly the difference between white-label and third-party suppliers, and its recent initiatives making it easier for customers to discover sustainable products. Mr Arnt also described the significant progress it has made in transitioning its logistics to an EV fleet, and outlined some of the challenges in scaling it in the countries it operates in. We had a more speculative discussion on MercadoLibre's thinking on sustainability labelling and were encouraged to hear that while it wouldn't go so far as to create criteria itself, it was putting the back-end processes in place so that, should such labelling develop, it would be ready.</p>	<p>Of particular note is the introduction of more robust physical risk scenarios, which the company has been able to use to explore near-term asset and labour resilience. We would like to see this work better integrated into the transition scenarios used for strategic planning and further disclosure of assumptions in the financial statements. On emissions, we continue to press for more information on the development of the downstream iron-to-steel value chain. It was useful to discuss the challenges in reducing methane emissions from the remaining coal mines and positive to hear of the specific R&amp;D efforts for better monitoring and control. We should expect the first battery-driven mine truck in 2024, with fleet replacement over the following decade.</p>	<p>We were encouraged to learn that Tesla is focused on maintaining a direct and robust communication channel with its employees. In contrast to the tone of many media headlines in recent months, Tesla appears confident that the majority of staff do not in fact wish to unionise. According to the company, only 10% of the company's workers in Sweden have opted to strike, some of whom have since returned to work. Given the potential for the current situation in the Nordics to provide impetus to unionisation campaigns in other markets, we also discussed possible implications for Tesla's US operations. According to the company, the United Auto Workers (UAW) union in the US has not (yet) been able to achieve a 30% minimum threshold to call a vote.</p>

**Trustee's Report (continued)**

**Implementation Statement (forming part of the Trustee's report) (continued)**

**Description of the most significant votes cast (continued)**

Baillie Gifford Global Alpha Growth Fund	Case study 1	Case study 2	Case study 3
What the investment manager has done (continued)	We offered our perspectives and learnings from other platform businesses that we have worked with.	We also discussed the improved disclosure of lobbying activities and pushed for a better definition of materiality and alignment.	One explanation for the UAW failing to reach the minimum threshold is that Tesla gives factory workers shares in the company – this is very rare in the auto industry – in order to align employee incentives with company outcomes.
Outcomes and next steps	Increasingly, we are finding that sustainability topics are an area in which we can assist companies by sharing learnings from across the portfolio and connecting them with our internal experts. We believe this is one way in which we can support portfolio holdings' ability to generate long-term returns for our clients.	A very useful update on progress that allowed us to make an informed judgement on voting ahead of the AGM and to provide early feedback prior to the revised Climate Transition Plan that will be put to shareholders in 2024. We will speak again before that.	We have engaged with Tesla for several years on labour-related issues, such as supply chain due diligence as well as health and safety of workers. The company has demonstrated robust progress on both fronts and continues to demonstrate that it takes such matters seriously. Tesla's board has also formally adopted the UN Universal Declaration of Human Rights. Provided Tesla can continue to provide a safe and attractive working environment for its employees, the likelihood of widespread unionisation across its US and international operations may be relatively low.

Trustee’s Report (continued)  
Implementation Statement (forming part of the Trustee’s report) (continued)  
Description of the most significant votes cast (continued)

Baillie Gifford Global Alpha Growth Fund	Case study 1	Case study 2	Case study 3
Outcomes and next steps (continued)			Nevertheless, if such large-scale unionisation were to occur across the company, it could herald material consequences for our investment thesis. We therefore continue to monitor the situation and engage with the company.

### Trustee's Report (continued)

### Implementation Statement (forming part of the Trustee's report) (continued)

### Description of the most significant votes cast (continued)

Information on the most significant engagement case studies for LGIM as a company for the funds containing public equities or bonds as at 31 December 2023 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 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. While the business rationale was sound, the main concerns with this proposal for LGIM were that the new regulatory framework would adversely impacted	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 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. 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 their 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 their expectations of	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 potential for significant influence across the industry as a whole, and particularly in the US. At LGIM, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under their Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate-critical sectors. They select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in their 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

## Trustee's Report (continued)

### Implementation Statement (forming part of the Trustee's report) (continued)

#### Description of the most significant votes cast (continued)

LGIM - Firm-level	Case study 1	Case study 2	Case study 3
Rationale (continued)	<p>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 payments, amongst other issues. 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, they sought to lend their voice to influence the proposals and push for enhanced shareholders rights ahead of the vote. Additionally, they 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>companies regarding the living wage have acquired a new level of urgency. 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. They expect the company board to challenge decisions to pay employees less than the living wage. They ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees. In the midst of the pandemic, they went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had 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>companies within the sector, and in supply chains. Their 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 their minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>Their Climate Impact Pledge 'red lines' for the oil &amp; gas sector are:</p> <ul style="list-style-type: none"> <li>- Has the company committed to net-zero operational emissions?</li> <li>- Does the company have time-bound methane reduction/zero flaring targets?</li> <li>- Does the company disclose its climate-related lobbying activities, including trade association memberships, and explain the action it will take if these are not aligned with a 1.5°C scenario?</li> </ul>

**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

LGIM - Firm-level	Case study 1	Case study 2	Case study 3
What the investment manager has done	<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. They 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. 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. They also met with Aegon's CEO on 18 September.</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. They 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, they then joined ShareAction in co-filing a shareholder resolution in Q1 2022, asking the company to becoming 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. They welcomed this development as it demonstrates Sainsbury's values as a responsible employer.</p>	<p>LGIM have been engaging with Exxon Mobil since 2016 and they have, over time, participated willingly in their discussions and meetings. Under their Climate Impact Pledge, they 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 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. Their 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.</p>



**Trustee's Report (continued)**

**Implementation Statement (forming part of the Trustee's report) (continued)**

**Description of the most significant votes cast (continued)**

LGIM - Firm-level	Case study 1	Case study 2	Case study 3
What the investment manager has done (continued)	<p>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>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. In the previous four years they have held eight company meetings with Sainsburys, with the 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. 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 they are targeting. The campaign has as a consequence, a vote against the Chairman if their minimum requirements are not met by the time of their AGM in 2025.</p>	<p>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 re-election of the Chair, from 2019, in line with their Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, they 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, their engagement with the company continues. In terms of further voting activity, in 2022 they 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 their minimum expectations.</p>



**Trustee's Report (continued)****Implementation Statement (forming part of the Trustee's report) (continued)****Description of the most significant votes cast (continued)**

LGIM - Firm-level	Case study 1	Case study 2	Case study 3
What the investment manager has done (continued)			<p>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 centered 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. They 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 financially material information. The proposal received over 16% support from shareholders which, although lower than they would have liked, demonstrates an increasing recognition of the importance of this issue for investors.</p>

Trustee's Report (continued)

Implementation Statement (forming part of the Trustee's report) (continued)

Description of the most significant votes cast (continued)

LGIM - Firm-level	Case study 1	Case study 2	Case study 3
Outcomes and next steps	<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. 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 98.7% of shares voted in favour.</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. They welcome these actions which demonstrate the value the board places on its workforce. They continue to engage with Sainsburys and have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff. While the company may have been in the process of raising salaries, their 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. They are continuing to engage with Sainsbury's, both individually and collaboratively with the</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 methane, OGMP 2.0. However, there are still key areas where they require further improvements, 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. They are also seeking further transparency on their lobbying activities. The company remains on their divestment list (for relevant funds), but their engagement with them continues.</p>

# Trustee's Report (continued)

## Implementation Statement (forming part of the Trustee's report) (continued)

### Description of the most significant votes cast (continued)

LGIM - Firm-level	Case study 1	Case study 2	Case study 3
Outcomes and next steps		<p>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' own operations, They also expect them to take certain actions regarding their Tier 1 and ideally Tier 2 supply chains. They have been engaging with the Chairman, the Chief Executive and investor relations in relation to their 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, they would expect there to be a knock-on impact as competitors and smaller peers would then be compelled to follow suit.</p>	<p>In terms of their next steps, they will continue their direct engagements with the company under their Climate Impact Pledge and separately, to 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. They will also be engaging with proxy advisors and fellow investors to better understand their voting rationale. They 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. They have been working closely and collaboratively with EDF to raise awareness of the issue (letters, meetings, public statements) and applying pressure on oil</p>

Trustee's Report (continued)  
Implementation Statement (forming part of the Trustee's report) (continued)  
Description of the most significant votes cast (continued)

LGIM - Firm-level	Case study 1	Case study 2	Case study 3
Outcomes and next steps		They would hope that this would improve the livelihood of thousands of workers and their families and also boost GDP. They may consider co-filing some shareholder resolutions in 2024 at some of the companies targeted under this campaign.	and gas companies to join the OGMP initiative since 2021 – Exxon being one of them, through their 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 they are seeking.

## Trustee's Report (continued)

### Implementation Statement (forming part of the Trustee's report) (continued)

#### Description of the most significant votes cast (continued)

Information on the most significant engagement case studies for the M&G Total Return Credit Investment Fund as at 31 December 2023 is shown below:

M&G - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	AIA Group Limited	Brambles Finance PLC	ING Groep N.V.
Topic	Governance - Board Composition & Effectiveness	Governance - Executive Remuneration	Environment - Net Zero/Decarbonisation (including Net Zero Commitments and Climate Transition Plans)
Rationale	Encourage insurance company AIA to increase Board diversity	To ask Australian sustainable logistics business Brambles to more explicitly link remuneration KPIs to sustainability targets, reflecting the company's role as a promoter of, and practitioner in, the circular economy. We also encouraged the company to commit to net zero through SBTi - it has a near term SBTi approved 1.5° target, but has not yet committed to a net zero target through the initiative. In addition, we asked Brambles to consider reporting on specific milestones on the path to achieving the goals of its decarbonisation strategy, with specific ties to remuneration.	As part of a wider discussion on Dutch financial institution ING's climate targets and strategy (the company is currently committed to a near term SBTi) we had a number of requests to better allow us to measure and track its progress, as well as encouraging a net zero commitment, beyond its near term commitment: • As part of its regular reporting, we asked for clear data disclosure in a single place - we asked that this include financed emissions. Requested additional scope 3 categories reporting - currently category 15 and business travel only. Requested a continuation of CDP disclosure, which the company had stopped completing.

### Trustee's Report (continued)

#### Implementation Statement (forming part of the Trustee's report) (continued)

##### Description of the most significant votes cast (continued)

M&G - Firm-level	Case Study 1	Case Study 2	Case Study 3
Rationale (continued)			We also asked for the publication of milestones in its climate strategy, with remuneration links.
What the investment manager has done	M&G call with IR, Lance Burbidge	M&G met with members of the company's investor relations team.	M&G met with the company's lead on customer engagement, climate lead, and investor relations.
Outcomes and next steps	Update to engagement dated 9/9/21. M&G initiated discussions on improving board diversity (and succession planning) on 9th September 2021. Since then, AIA has added two female directors to its board. Most recently, 20 Sept 2023, AIA announced the appointment of Ms. Nor Shamsiah Binti Mohd Yunus as an Independent Non-executive Director and a member of the Nomination Committee of the Company. The new addition means AIA now has 3 female directors on the board of directors (23% female representation).	Brambles was very receptive to our requests, and explained that the relatively long list of reported personal objectives, linked to 30% of short term incentives, were tailored to individual roles - it would look to provide a clearer picture on a role-by-role basis. It also suggested a follow-on call with the head of sustainability to discuss more granular milestones connected to its decarbonisation strategy, which we will follow up on. Once we have the breakdown of objectives by role, depending on that outcome, we will write to the chair of the remuneration committee to outline our expectations. We are also sending the company examples of remuneration best practice to help guide the outcome.	ING is reviewing the latest SBTi guidance for banks (which it helped to inform) before jumping the final hurdle and submitting its targets to SBTi for approval. It currently expects to be doing this in 2024. It is focussing its attention on materiality, so engaging with the largest emitting sectors on its loan book and encouraging relevant sectors to sign up to SBTi. The company was very receptive to our requests, and we will follow up in due course to see how for on board they've been taken.