Colorcon Limited Staff Benefits Plan

Engagement Policy Implementation Statement for the year ending 30 June 2024

Introduction

This implementation statement has been prepared by the Trustees of the Colorcon Limited Staff Benefits Plan. The Plan provides benefits calculated on a defined benefit (DB) basis for members in the DB Section and benefits calculated on a defined contribution (DC) basis for members in the DC Section.

The statement:

- sets out how, and the extent to which, the policies set out in the Statement of Investment Principles (the SIP) have been followed during the year;
- describes any review of the SIP, including an explanation of any changes made; and
- describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes over the same period.

The Trustees' policies contained in the SIP are underpinned by their investor beliefs, which have been developed in consultation with their investment consultant.

Trustees' overall assessment

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ending 30 June 2024.

Review of the SIP

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

The SIP was most recently reviewed for the Trustees' policies in relation to their arrangements with their investment managers being updated in January 2023.

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 Plan invests in pooled funds, other collective investment vehicles and cash, to manage costs, diversify investments and improve liquidity. The Trustees have delegated the day-to-day management of the majority of the Plan's assets to investment managers. The Plan's assets are invested in pooled funds which have their own policies and objectives and charge a fee, agreed with the investment manager, for their services. Such fees incentivise the investment manager to adhere to their stated policies and objectives.

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

Investment strategy and objectives

Investment strategy (DB Section)

The investment strategy for the Plan has been agreed by the Trustees having taken advice from the Investment Consultant and taking due account of the liability profile of the Plan.

Given the closure of the Plan to new members and the current structure of the liabilities, the investment approach adopted aims to maximise long-term real returns, whilst paying proper attention to investment risks.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Investment strategy (DB Section) (continued)

The Trustees have translated their objectives into a suitable investment strategy benchmark for the Plan.

In accordance with the Financial Services & Markets Act 2000, the Trustees are responsible for setting the general investment policy, but the responsibility for all day-to day investment management decisions has been delegated to appointed investment managers authorised under the Act.

The Trustees are responsible for periodically reviewing the investment strategy of the Plan in consultation with the Plan's Investment Consultant.

Policy in relation to the balance between various kinds of investments and the realisation of investments (DB Section)

The appointed investment manager holds a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market the manager maintains a diversified portfolio of securities.

The Trustees require the investment manager to be able to realise the Plan's investment in a reasonable timescale by reference to the market conditions existing at the time the disposal is required. In the event of an unexpected need to realise all or part of the assets of the portfolio, the Trustees require the investment manager to be able to realise the Plan's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Plan. The majority of assets are not expected to take an undue time to liquidate.

Policy in relation to the expected return on investments (DB Section)

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 in order to reach / maintain a fully funded status under the agreed assumptions.

Investment strategy (DC Section)

The Plan historically provided DC benefits. The facility ceased to be available from 1 July 1991 when it was replaced with the DB Section of the Plan. No DC investments have been received since July 1991.

A review of the DC investments was undertaken in December 2016. The Trustees' ultimate objective is to ensure suitable funds are available to DC members. The Trustees believe they have in place a range of funds that is sufficient to allow members to strike a balance between the long term need for capital growth and the risk of shorter term volatility of returns.

Policy in relation to the balance between various kinds of investments and the realisation of investments (DC Section)

The investment managers maintain a diversified portfolio of stocks or bonds within each of the funds offered to members under the DC Section.

Each fund has a defined objective and the Trustees are satisfied that the funds offered are appropriate for membership.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Policy in relation to the balance between various kinds of investments and the realisation of investments (DC Section)(continued)

Under normal market conditions the Trustees expect to be able to realise investments within a reasonable timescale although there remains the risk that certain assets may become less liquid in times of market stress. Dealing spreads and liquidity are monitored periodically by the investment consultant, particularly during periods of heightened volatility such as was experienced during the COVID-19 pandemic.

Policy in relation to the expected return on investments (DC Section)

The default option is expected to provide an appropriate return on members' investments, based on the Trustees' understanding of the membership of the DC Section.

Risk capacity and risk appetite

Policy in relation to risks (DB Section)

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

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

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

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

Policy in relation to risks (DC Section)

The Trustees have previously considered risk from a number of perspectives. These are the risk that:

- the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income,
- investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
- investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit, and
- fees and transaction costs reduce the return achieved by members by an inappropriate extent.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Stewardship in relation to the Plan's assets

Policies in relation to investment manager arrangements

The Plan's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, 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).

There have been no changes to the benchmark/objectives of the funds in which the Plan invests over the year.

In addition, the Trustees receive information on any trading costs incurred as part of asset transfer work within either the DB or the DC Section, as and when these occur. The exercise is only undertaken if the expected benefits outweigh the expected costs. The Trustees note that, in respect of the DC Section, trading costs are also incurred in respect of member switches (including within the lifestyle strategy).

The 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 investment managers a fee which is a fixed percentage of assets under management.

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

Investment manager monitoring and changes

During the year the Trustees received four reports from the investment consultant examining the performance of the pooled funds used.

Changes were made to the Plan's investment manager arrangements during the year.

Appropriate written advice is taken from the investment consultant before the review, appointment or removal of the 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 or through their investment managers.

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect that their investment managers 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 Plan's performance) over an appropriate time horizon.

The Trustees also expect their investment managers to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Stewardship - monitoring and engagement

The Trustees recognise that an investment manager's ability to influence the companies in which it invests will depend on the nature of the investment.

The Trustees 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 Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager and to encourage the manager to exercise those rights. The investment manager is expected to provide regular reports for the Trustees detailing its voting activity.

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

The Trustees 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 the investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
LGIM	Yes	Yes

The Trustees review each investment manager prior to appointment and monitor them on an ongoing basis through the regular review of the manager's voting and engagement policies and a review of each manager's voting and engagement behavior. The Trustees may also request their investment consultant's manager ESG ratings to aid them in this process.

As most investments are held in pooled vehicles, the Trustees 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 Trustees with information on how each 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 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 investment manager's engagement policy or suitable alternative is provided in the Appendix.

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

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Investment manager engagement policies (continued)

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

Fund	Period	Engagement definition	Number of companies engaged with over the year	Number of engagements over the year
LGIM Maturing B&M Credit 2030-2034	01/07/2023-30/06/2024	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.	155	298
LGIM Maturing B&M Credit 2035-2039	01/07/2023-30/06/2024		87	171
LGIM Maturing B&M Credit 2040-2054	01/07/2023-30/06/2024		115	210
LGIM All World Equity Index	01/07/2023-30/06/2024		1425	2159
LGIM AAA-AA-A Bonds Over 15Y Index	01/07/2023-30/06/2024		23	55

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 investment manager is expected to disclose annually a general description of its voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment manager publishes online the overall voting records of the firm on a regular basis.

The investment manager uses 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 investment manager but rely on the requirement for their investment manager to provide a high-level analysis of its voting behaviour.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Exercising rights and responsibilities (continued)

The latest available information provided by the investment manager, covering equity voting rights for the year ending 30 June 2024, is as follows:

Fund	Period	Number of meetings eligible to vote at	Number of resolutions eligible to vote on	Proportion of votes cast	Proportion of votes for management	Proportion of votes against management	Proportion of resolutions abstained from voting on
LGIM All World Equity Index	01/07/2023-30/06/2024	6,679	65,048	99.8%	79.0%	20.1%	0.9%

Trustees' engagement

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

The Trustees may also request 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 Trustees may also consider reports provided by other external ratings providers. The Trustees have reviewed the investment manager's 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 investment manager being signatory to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Appendix

A link to the investment manager's engagement policy can be found here:

Investment manager	Engagement Policy (or suitable alternative)
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

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

LGIM All World Equity Index Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Microsoft Corporation	Apple Inc.	Amazon.com, Inc.
Date of Vote	07/12/2023	28/02/2024	22/05/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.4	4.0	2.2
Summary of the resolution	Resolution 1.06 - Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO (Equal Employment Opportunity) Policy	Resolution 6: Report on Customer Due Diligence
How the fund manager voted	Against	Against	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	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO (Equal Employment Opportunity) policies does not appear to be a standard industry practice.	Shareholder Resolution & Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Outcome of the vote	N/A	Fail	N/A
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 - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant as one of the largest companies and employers not only within its sector but in the world, they believe that Amazon’s approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. LGIM voted in favour of this proposal last year and continue to support this request, as enhanced transparency over material risks to human rights is key to understanding the company’s functions and organisation. While the company has disclosed that they internally review these for their products (RING doorbells and Recognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. Despite this, Amazon’s coverage and reporting of risks falls short of their baseline expectations surrounding AI. In particular, they would welcome additional information on the internal education of AI and AI-related risks.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

Information on the most significant engagement case studies for the investment manager as a company for the funds containing public equities and bonds 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 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 impact 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.	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 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.	As one of the world's largest public oil and gas companies, they 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 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).

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

	Consequently, they 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.	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.	Their Climate Impact Pledge 'red lines' for the oil & gas sector are: - 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 lobbying activities, including trade association memberships, and explain the action it will take if these are not aligned with a 1.5°C scenario?
What the investment manager has done	They 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.	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 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.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

	They 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.	They 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. 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.	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. 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. 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).

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

			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. 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.
Outcomes and next steps	With pressure applied on the Company by both investors and proxy advisers, they 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.	Since they 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.	Since 2021, they 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.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

		They 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' 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. 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.	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. 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 on 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 program 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 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.

Engagement Policy Implementation Statement for the year ending 30 June 2024 (continued)

			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.