

GDST Defined Benefit Pension Scheme

Engagement Policy Implementation Statement for the year ending 31 August 2023

Introduction

The Trustee Directors of the GDST Defined Benefit Pension Scheme (the 'Scheme') 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 their 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 August 2023. This statement also describes the voting behaviour by, or on behalf of, the Trustee Directors including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustee Directors, 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 Scheme's performance) over an appropriate time horizon.

The Trustee Directors 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.

Stewardship - monitoring and engagement

The Trustee Directors recognise that 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, bond and liability-driven investments. As such the Scheme'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 below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
Legal & General Investment Management	Yes	Yes
M&G	Yes	Yes

The Trustee Directors 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, their investment consultant's ESG rating, and a review of each manager's voting and engagement behaviour.

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

Investments in the following funds exclude investments in tobacco: LGIM FTSE World Developed (ex Tobacco) Equity Index Fund.

The Trustee Directors will engage with a manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the manager's own policies, or if the manager's policies diverge significantly from any stewardship policies identified by the Trustee Directors from time to time.

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 Scheme'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 each investment manager's engagement policy or suitable alternative is provided in the Appendix.

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

Engagement					
	LGIM UK Equity Index Fund	LGIM World Emerging Markets Equity Index Fund	LGIM Diversified Fund	FTSE LGIM World Developed ex Tobacco Index	LGIM B&M Credit Fund
Period	01/07/2022–30/06/2023	01/07/2022 – 30/06/2023	01/07/2022 – 30/06/2023	01/07/2022 – 30/06/2023	01/04/2022 – 31/03/2023
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	205	120	720	331	60
Number of engagements over the year	339	188	1,039	563	124

Engagement	
	M&G Total Return Credit Fund
Period	01/01/2022–31/12/2022
Engagement definition	Not provided
Number of companies engaged with over the year	Not provided
Number of engagements over the year	11

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 investment managers publish online the overall voting records of the firm on a regular basis.

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 the requirement for 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.

The latest available information provided by the investment managers are as follows:

	LGIM UK Equity Index Fund	LGIM World Emerging Markets Equity Index Fund	LGIM Diversified Fund	LGIM FTSE World Developed (ex Tobacco) Equity Index
Period	01/07/2022 – 30/06/2023	01/07/2022– 30/06/2023	01/07/2022 – 30/06/2032	01/07/2022 – 30/06/2023
Number of meetings eligible to vote at	691	3,984	9,084	2,005
Number of resolutions eligible to vote on	10,510	32,588	92,836	26,767
Proportion of votes cast	99.9%	99.9%	99.8%	99.9%
Proportion of votes for management	94.4%	80.7%	76.7%	78.6%
Proportion of votes against management	5.6%	18.1%	22.9%	21.3%
Proportion of resolutions abstained from voting on	0.0%	1.2%	0.4%	0.2%

Trustee Directors' assessment

The Trustee Directors have, in their opinion, followed the Scheme'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 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.

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 to engage with the investment manager.

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

The 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.

Appendix

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

Investment manager	Engagement policy	Annual disclosure statement
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership/active-ownership-report-2022.pdf
M&G	https://www.mandgplc.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/responsible-investing/stewardship/mg-investments-annual-stewardship-report-2022.pdf

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

LGIM UK Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	BP Plc	Flutter Entertainment Plc
Date of Vote	23 May 2023	27 April 2023	27 April 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.0%	3.8%	1.1%
Summary of the resolution	Resolution 25 - Approve the Shell	Resolution 4 - Re-elect Helge Lund as Director	Resolution 5H - Re-elect Gary McGann as Director

Energy Transition Progress			
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	<p>Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	<p>Governance: A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, we note concerns around the governance processes leading to the decision to implement such amendments.</p>	<p>Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female.</p>
Outcome of the vote	80.0% for	Not provided	Not provided
Implications of the outcome	LGIM continues to undertake extensive engagement with	LGIM will continue to engage with the	LGIM will continue to engage with our investee companies,

	Shell on its climate transition plans.	company and monitor progress.	publicly advocate our position on this issue and monitor company and market-level progress.
Criteria on which the vote is assessed to be "most significant"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	High Profile Meeting and Engagement: We consider this vote to be significant given our long-standing engagement with the company on the issue of climate.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
LGIM World Emerging Markets Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Tencent Holdings Limited	China Construction Bank Corporation	Ping An Insurance (Group) Co. of China Ltd.
Date of Vote	17 May 2023	29 June 2023	12 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.2%	1.0%	0.7%
Summary of the resolution	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Resolution 7 - Elect Tian Guoli as Director	Resolution 1 - Approve Report of the Board of Directors

How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.
Outcome of the vote	88.4% for	Not provided	98.7% for
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.		
Criteria on which the vote is assessed to be "most significant"	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here:	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here:	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here:

	https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/	https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/	https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/
LGIM Diversified Fund	Vote 1	Vote 2	Vote 3
Company name	Prologis, Inc.	NextEra Energy, Inc.	Shell Plc
Date of Vote	4 May 2023	18 May 2023	23 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.4%	0.4%	0.3%
Summary of the resolution	Resolution 1j - Elect Director Jeffrey L. Skelton	Resolution 1b - Elect Director Sherry S. Barrat	Resolution 25 - Approve the Shell Energy Transition Progress
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to	Independence: A vote against is applied as LGIM expects the Lead Director to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience,	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's

	<p>maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Diversity: A vote against is applied as the company has an all-male Executive Committee.</p>	<p>tenure, and background. Joint Chair/CEO: A vote against is applied as LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.</p>	<p>leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>
Outcome of the vote	Not provided	Not provided	80.0% for
Implications of the outcome	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>		<p>LGIM continues to undertake extensive engagement with Shell on its climate transition plans.</p>
Criteria on which the vote is assessed to be "most significant"	<p>Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p>	<p>Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).</p>	<p>Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to</p>

			be significant, particularly when LGIM votes against the transition plan.
LGIM FTSE World Developed ex Tobacco Index	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	NVIDIA Corporation	Alphabet Inc.
Date of Vote	24 May 2023	22 June 2023	2 June 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.7%	1.6%	1.3%
Summary of the resolution	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	Resolution 1i - Elect Director Stephen C. Neal	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share
How the fund manager voted	For	Against	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	
Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.

	<p>applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p>	<p>board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>	
Outcome of the vote	29.0% for	Not provided	30.7% for
Implications of the outcome	<p>LGIM will continue to engage with the company and monitor progress.</p>	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.</p>
Criteria on which the vote is assessed to be "most significant"	<p>Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we</p>	<p>Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p>	<p>High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.</p>

manage on their behalf.

Information on the most significant engagement case studies for each of the investment managers in 2022 is shown below. Please note that the information in relation to M&G was unavailable at the time of writing.

LGIM	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	ExxonMobil	BP Plc	J Sainsbury Plc
Topic	Environment: Climate change (Climate Impact Pledge)	Environment: Climate change (Climate Impact Pledge)	Social: Income inequality - living wage (diversity, equity and inclusion)
Rationale	<p>As one of the world's largest public oil and gas companies in the world, 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.</p> <p>At LGIM, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate-critical</p>	<p>As one of the largest integrated oil and gas producers in the world, BP has a significant role to play in the global transition to net zero, hence LGIM's focus on this company for in-depth engagements. As members of the CA100+ LGIM commit to engaging with a certain number of companies on their focus list and on account of LGIM's strong relationship with BP, they lead the CA100+ engagements with them.</p> <p>At LGIM, they believe that company engagement is a crucial part of transitioning to a net</p>	<p>Ensuring companies take account of the 'employee voice' and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of our 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, LGIM's work on income inequality and their expectations of companies regarding the living wage have acquired a new level of urgency.</p> <p>LGIM's expectations of companies:</p> <p>i) As a responsible investor, LGIM advocates that all</p>

sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. LGIM's in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag our minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).

UN SDG 13: Climate action

zero economy by 2050. Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate- LGIM sectors. We select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. LGIM's in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM's minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).

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 supply chains.

ii) LGIM expect the company board to challenge decisions to pay employees less than the living wage.

iii) LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees.

iv) In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had 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>UN SDG 13: Climate action</p>	<p>With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is one of the largest supermarkets 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.</p> <p>UN SDG 8: Decent work and economic growth</p>	
<p>What the investment manager has done</p>	<p>LGIM have been engaging with Exxon Mobil since 2016 and they have participated willingly in LGIM's discussions and meetings. Under our Climate Impact Pledge, LGIM identified a number of initial areas for concerns, 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</p>	<p>LGIM have been engaging with BP on climate change or a number of years, during the course of which LGIM have seen many actions taken regarding climate change mitigation.</p> <p>BP has made a series of announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas</p>	<p>Sainsbury's has recently come under scrutiny for not paying a real living wage. 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. LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements</p>

<p>targets and; lack of disclosure of climate lobbying activities.</p> <p>LGIM's regular engagements with Exxon Mobil have focused on their minimum expectations under the Climate Impact Pledge. The improvements made have not so far been sufficient in our opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with our Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as LGIM considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM's engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related shareholder resolutions (i.e. voted against management</p>	<p>Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. LGIM's recommendation for the oil and gas industry is to primarily focus on reducing its own emissions (and production) in line with global climate targets before considering any potential diversification into clean energy. BP has also announced that it would be reducing its oil and gas output by 40% over the next decade, with a view to reaching net-zero emissions by 2050.</p> <p>LGIM met with BP several times during 2022. In BP's 2022 AGM, LGIM were pleased to be able to support management's 'Net Zero – from ambition to action' report (Resolution 3). Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil and gas production, and announced an</p>	<p>failed to deliver change, LGIM then joined ShareAction in filing a shareholder resolution in Q1 2022, asking the company to becoming a living wage accredited employer.</p> <p>This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees (inner and outer) to the real living wage. LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, there are still some who are excluded. This group comprises contracted cleaners and security guards, who fulfil essential functions in helping the business to operate safely.</p> <p>Levels of individual typically engaged with include the Chair, the CEO, and head of investor relations.</p>
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	<p>recommendation) at Exxon's AGM, reflecting LGIM's continued wish for the company to take sufficient action on climate change in line with their minimum expectations.</p> <p>Levels of individual typically engaged with include lead independent director, investor relations, director and CFO.</p>	<p>increase in capital expenditure to low-carbon growth segments.</p> <p>Levels of director typically engaged with include the chair, the CEO, head of sustainability, and investor relations.</p>	
Outcomes and next steps	<p>Since 2021, LGIM have seen notable improvements from Exxon Mobil regarding LGIM's 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, and improved disclosure of lobbying activities. However, there are still key areas where LGIM require further improvements, including inclusion of Scope 3 emissions in their targets, and improving the level of ambition regarding interim targets. LGIM are also seeking further transparency on their lobbying activities.</p>	<p>LGIM will continue engaging with BP on climate change, strategy and related governance topics. Following the company's decision to revise their oil production targets, LGIM met with the company several times in early 2023 to discuss their concerns.</p>	<p>Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. LGIM welcome these actions which demonstrate the value the board places on its workforce. LGIM have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.</p>

The company remains on LGIM's divestment list (for relevant funds), but LGIM's engagement with them continues.
