# Moët-Dior Retirement Benefits Scheme

# Implementation Statement for the year ending 31 March 2024

## Introduction

The Trustees of the Moët-Dior Retirement Benefits Scheme (the 'Scheme') have a responsibility to consider their approach to the stewardship of the Scheme's investments, as part of investing the assets to secure 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 manager.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies set out in the Statement of Investment Principles dated June 2020 (the "SIP") on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 March 2024. This statement also provides some information in relation to the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustees, in conjunction with advice from their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific Scheme policies. They expect that their investment manager makes decisions based on assessments about the financial characteristics of underlying investments 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.

## Stewardship - monitoring and engagement

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

The Trustees acknowledge that the concept of stewardship may be less applicable to some of their assets, particularly for cash and liability-driven investments. As such the Scheme'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. Where voting rights are applicable the investment manager is expected to provide regular reports for the Trustees detailing their voting activity. The Trustees will take corporate governance policies into account when appointing and reviewing investment managers.

The Trustees' policy is, where appropriate, to delegate responsibility for engaging and monitoring investee companies to the investment manager and expects the investment manager 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 each 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, their investment consultant's ESG rating, and a review of each manager's voting and engagement behaviour.

The Trustees 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 Trustees from time to time.

The Trustees have not set out their own stewardship priorities but follow that of the investment manager.

As all of the Scheme's investments are held in pooled vehicles, the Trustees do not envisage being involved with direct 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 Trustees with information on how the 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 the investment manager's engagement policy or suitable alternative is provided in the Appendix.

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

| | LGIM UK Equity Index Fund | LGIM World (ex UK) Equity Index Fund* | LGIM Active Corporate Bond All Stocks Fund |
|---|---|---|---|
| Period | 01/04/2023 – 31/03/2024 | 01/04/2023 – 31/03/2024 | 01/04/2023 – 31/03/2024 |

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| 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 | 191 | 379 | 33 |
| Number of engagements over the year | 313 | 561 | 84 |

*Legal & General Investment Management - World (ex-UK) Equity Index - GBP Hedged Fund had identical engagement data.

## 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 their 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.

Investment managers may use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights. Over the reporting period LGIM used ISS (“Institutional Shareholder Services”) ‘ProxyExchange’ electronic voting platform to electronically vote on behalf unitholders. All voting decisions are made by LGIM and no part of the strategic decision making is outsourced. LGIM use a custom voting policy with specific voting instructions to ensure proxy provider votes are made in accordance with LGIM ESG policy.

The Trustees do not carry out a detailed review of all 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 their voting behaviour. A summary of the investment manager’s most significant votes participated in over the year to 31 March 2024 is set out in Appendix 2.

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

The latest available information provided by LGIM (with mandates that contain equities) are as follows:

| Voting behaviour | LGIM UK Equity Index Fund | LGIM World (ex UK) Equity Index Fund* |
|---|---|---|
| Period | 01/04/2023 – 31/03/2024 | 01/04/2023 – 31/03/2024 |
| Number of meetings eligible to vote at | 709 | 2,867 |
| Number of resolutions eligible to vote on | 10,462 | 34,635 |

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| Proportion of votes cast | 99.8% | 99.9% |
| Proportion of votes for management | 94.4% | 78.0% |
| Proportion of votes against management | 5.6% | 21.9% |
| Proportion of resolutions abstained from voting on | 0.0% | 0.1% |

*Legal & General Investment Management - World (ex-UK) Equity Index - GBP Hedged Fund had identical voting data.

**Trustees' assessment**

The Trustees have considered the environmental, social and governance rating, provided by their investment consultant, for each fund and the investment manager, 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 Trustees' investment consultant or from other external rating providers, the Trustees will consider whether to engage with the investment manager.

The Trustees, with support from their investment consultant, have reviewed the investment manager's policies relating to engagement and voting and how they have been implemented and are comfortable that they are acceptable and consistent with their own policies. Taking account of this and other considerations, the Trustees believe that their policies on stewardship and engagement within the SIP have been implemented and followed appropriately over the year.

The Trustees 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 1**

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

| Investment manager | Engagement policy |
|---|---|
| Legal & General Investment Management | https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf |

**Appendix 2**

Information on the most significant votes LGIM participated in during the year ending 31 March 2024 respectively is shown below.

| LGIM UK Equity Index Fund | Vote 1 | Vote 2 | Vote 3 |
|---|---|---|---|
| Company name | Shell Plc | BP Plc | Glencore Plc |
| Date of vote | 23 May 2023 | 27 April 2023 | 26 May 2023 |
| Approximate size of fund's holding (% of portfolio) | 7.0 | 3.8 | 2.4 |
| Summary of the resolution | Resolution 25 - Approve the Shell Energy Transition Progress | Resolution 4 - Re-elect Helge Lund as Director | Resolution 19: Shareholder resolution "Resolution in Respect of the Next Climate Action Transition Plan" |
| How the fund manager voted | Against (against management recommendation) | Against (against management recommendation) | For (Against Management Recommendation) |
| 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 LGIMs policy not to engage with their investee companies in the three weeks prior to an AGM as LGIMs engagement is not | 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 LGIMs policy not to engage with their investee companies in the three weeks prior to an AGM as LGIMs engagement is not limited | LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting. |

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| | limited to shareholder meeting topics. | to shareholder meeting topics. | |
| Rationale for the voting decision | Climate change: A vote against is applied, though not without reservations. LGIM 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, LGIM 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. | 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, LGIM note concerns around the governance processes leading to the decision to implement such amendments. | In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following LGIMs multi-year discussions with the company since 2016 on its approach to the energy transition. |
| Outcome of the vote | 80% (Pass) | Not provided | 29.2% (Fail) |
| Implications of the outcome | LGIM continues to undertake extensive engagement with Shell on its climate transition plans. | LGIM will continue to engage with the company and monitor progress. | 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 is publicly supportive of so called "Say on Climate" votes. LGIM 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 | High Profile Meeting and Engagement: LGIM consider this vote to be significant given their long-standing engagement with the company on the issue of climate. | Pre-declaration and Engagement: LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change. |

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| | votes against the transition plan. |

| LGIM World (ex-UK) Equity Index Fund | Vote 1 | Vote 2 | Vote 3 |
|---|---|---|---|
| Company name | Microsoft Corporation | Apple Inc. | Amazon.com, Inc. |
| Date of vote | 7 December 2023 | 28 February 2024 | 24 May 2023 |
| Approximate size of fund's holding (% of portfolio) | 4.89 | 4.38 | 1.71 |
| Summary of the resolution | Resolution 1.06 - Elect Director Satya Nadella | Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy | Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps |
| How the fund manager voted | Against | Against | For (Against Management Recommendation) |
| 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 LGIMs policy not to engage with their investee companies in the three weeks prior to an AGM as LGIMs engagement is not limited to shareholder meeting topics. | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIMs policy not to engage with their investee companies in the three weeks prior to an AGM as LGIMs engagement is not limited to shareholder meeting topics. | 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. |
| 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 nondiscrimination policies, | A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that |

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| | | and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice. | investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM 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. |
| Outcome of the vote | N/A | Fail | 29% (Fail) |
| 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. | LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. | LGIM will continue to engage with the company and monitor 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 LGIM manage on their behalf. | Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf. |

Information on the most significant engagement case studies for each of the funds containing public equities or bonds as at 31 March 2023 (latest available) is shown below.

| **LGIM** | **Case Study 1** | **Case Study 2** | **Case Study 3** |
|---|---|---|---|
| Name of entity | Aegon Ltd | Sainsbury's | Exxon Mobil |

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| engaged with | | | |
| 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.<br><br>While the business rationale was sound, the main concerns with this proposal for LGIM were that the new regulatory framework would adversely impacted shareholders rights, and potentially its capital position. The key issues included: 1) No pre-emptive rights for existing shareholders on the issuance of common shares; (2) No shareholder approval would be required for | 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.<br><br>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 LGIMs 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, LGIMs work on income inequality and their expectations of companies regarding the living wage have acquired a new level of urgency.<br><br>As a responsible investor, LGIM advocates that all companies should ensure that they are | 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.<br><br>LGIM believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under their Climate Impact Pledge, LGIM publish their minimum expectations for companies in 20 climate-critical sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIMs 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. LGIMs 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 LGIMs minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).<br>LGIMs Climate Impact Pledge 'red lines' for the oil & gas sector are:<br>- Has the company committed to net-zero operational emissions?<br>- Does the company have time-bound methane reduction/zero flaring targets? |

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| | share buybacks; and (3) No shareholder approval would be required for annual final dividend payments, amongst other issues.<br><br>Consequently, LGIM decided to engage with Aegon management team ahead of the EGM in order to highlight their concerns on the weakening of shareholder rights under the proposed redomicile and amendments to the Company's Articles of Incorporation. Given concerns amongst investors and third-party service providers, such as ISS, LGIM sought to lend their voice to influence the proposals and push for enhanced shareholders rights ahead of the vote. Additionally, LGIM wanted to better understand the impact of the new supervisory environment on the business to ensure that it would not adversely impact both creditors and shareholders. | 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.<br>LGIM expect the company board to challenge decisions to pay employees less than the living wage.<br>LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees.<br><br>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.<br><br>UN SDG 1: No poverty and SDG 8: Decent work and economic growth | - 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?<br><br>UN SDG 13: Climate action |
| What the investment manager has done | LGIM were in touch with Aegon's Investor Relations team in early September ahead of a planned meeting with the CEO and management team at a roadshow in the US. LGIM noted their initial concerns with | 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 have been engaging with Exxon Mobil since 2016 and they have, over time, participated willingly in their discussions and meetings. Under LGIMs Climate Impact Pledge, LGIM identified a number of initial areas for concern, namely: lack of Scope 3 emissions disclosures (embedded in sold |

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 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.

LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements failed to deliver change, LGIM then joined ShareAction in co-filing a shareholder 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. LGIM welcomed this development as it demonstrates Sainsbury’s values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, contractors, i.e. cleaners and security guards, operating within Sainsbury's operations were excluded from the uplift.

In the previous four years LGIM 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.  LGIM met with the CEO as well as the Chairman.

products); lack if 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.

LGIMs 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 LGIMs opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with LGIMs 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, LGIMs engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting LGIMs continued wish for the company to take sufficient action on climate change in line with LGIMs minimum expectations.

Further escalating their engagement, LGIM and CBIS co-filed a shareholder resolution at Exxon’s 2023 AGM, requesting the company to disclose the quantitative impact of the IEA NZ

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| | | In 2023, LGIM led its own campaign on income inequality where they targeted the largest global food retailers. Sainsbury's is one of the 15 companies LGIM are targeting. The campaign has as a consequence, a vote against the Chairman if LGIMs minimum requirements are not met by the time of their AGM in 2025. | 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. LGIM believe this is a fundamental level of information for the company’s shareholders, in light of growing investor concerns about asset retirement obligations (AROs) in a carbon constrained future, and that it is financially material information. The proposal received over 16% support from shareholders which, although lower than LGIM would have liked, demonstrates an increasing recognition of the importance of this issue for investors. |
| Outcomes and next steps | 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.<br><br>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 LGIM co-filed the shareholder resolution in 2022, Sainsbury’s has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. LGIM welcome these actions which demonstrate the value the board places on its workforce. LGIM continue to engage with Sainsburys and have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.<br><br>While the company may have been in the process of raising salaries, LGIMs campaigned engagement and shareholder | 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 LGIM 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. LGIM are also seeking further transparency on their lobbying activities.<br><br>The company remains on LGIMs divestment list (for relevant funds), |

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| | resolution would have fast tracked the end result. It has also made the company aware of how important this topic is to their investors.<br><br>LGIM are continuing to engage with Sainsbury's, both individually and collaboratively with the ShareAction Good Work Coalition and have met with them a number of times during 2023 as part of LGIMs living wage campaign, directed at 15 large global supermarkets. In addition to setting objectives regarding the living wage for these companies' own operations, LGIM also expect them to take certain actions regarding their Tier 1 and ideally Tier 2 supply chains.<br><br>LGIM have been engaging with the Chairman, the Chief Executive and investor relations in relation to their expectations.<br><br>The milestones set under this campaign relate to expectations that, should they be achieved, they would not only improve wages for significant numbers of low-paid workers around the world but also, given these companies' influence in their respective countries and supply chains, LGIM would expect there to be a knock-on impact as competitors and smaller peers would then be compelled to follow suit. LGIM would hope that | but their engagement with them continues. In terms of their next steps, LGIM 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. LGIM will also be engaging with proxy advisors and fellow investors to better understand their voting rationale.<br><br>LGIM were pleased to see progress from the company in terms of joining the Oil and Gas Methane Partnership (‘OGMP’) 2.0 – the flagship oil and gas reporting and mitigation program on methane, of which many global oil and gas companies, including BP and Shell, are already members. LGIM 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 LGIMs 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 |

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| | this would improve the livelihood of thousands of workers and their families and also boost GDP.<br><br>LGIM may consider co-filing some shareholder resolutions in 2024 at some of the companies targeted under this campaign. | transparency.<br>Greater transparency is crucial in terms of enabling markets and investors to accurately price climate-related risks and opportunities which, in turn, is an incentive for companies to make the changes LGIM are seeking. |