

Gardner Denver Pension Scheme

Engagement Policy Implementation Statement for the year ending 2024

Introduction

The Trustees of the Gardner Denver 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 Trustees 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 Trustees, the policies set out in the Statement of Investment Principles ("the SIP") on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 December 2024. This statement also describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustees, in conjunction with their investment consultant, appoints 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 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.

Stewardship - monitoring and engagement

The Trustees recognise that investment managers' ability to influence the companies in which they invest 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 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 managers and to encourage the managers to

exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

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

For direct investments, the Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

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
InfraRed (HICL's investment manager)	Yes	Yes
MFS	Yes	Yes
Legal & General Investment Management	Yes	Yes
RLAM	Yes	Yes
Liontrust	Yes	Yes

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

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.

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

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 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.

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The Trustees are comfortable that these policies are broadly in line with the Scheme’s chosen stewardship approach and that they do not diverge significantly from any key stewardship priorities identified for the Scheme.

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

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

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

Engagement				
	LGIM North America Equity Index – GBP Hedged	LGIM Europe (ex UK) Equity Index-GBP Hedged	LGIM Japan Equity Index - GBP Hedged	LGIM Pacific (ex Japan) Equity Index - GBP Hedged
Period	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024
Engagement definition	Purposeful, targeted communication with an entity (e.g., company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.			
Number of companies engaged with over the year	356	223	119	149
Number of engagements over the year	617	366	177	242

Engagement					
	LGIM Maturing Buy and Maintain Credit Fund 2020-2024	LGIM Maturing Buy and Maintain Credit Fund 2025-2029	LGIM Maturing Buy and Maintain Credit Fund 2030-2034	LGIM Maturing Buy and Maintain Credit Fund 2035-2039	LGIM Maturing Buy and Maintain Credit Fund 2040-2054
Period	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024
Engagement definition	Purposeful, targeted communication with an entity (e.g., company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.				

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Number of companies engaged with over the year	n/a	158	162	89	113
Number of engagements over the year	n/a	332	321	198	231

Engagement			
	LionTrust UK Equity	MFS Global Equity	RLAM Sterling Extra Yield Bond
Period	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024
Engagement definition	Engagement is driven by the material issues that Liontrust Investment teams have identified for their holdings based on their individual investment processes.	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	63	27	21
Number of engagements over the year	76	38	50

n/a indicates the investment manager had not provide this information ahead of completing this report.

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 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 Trustees have been provided with details of what each investment manager considers to be the most significant votes. The Trustees 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 Trustees have selected the three votes affecting the largest asset holdings for inclusion in this statement. The Trustees did not communicate with the manager in advance about the votes they considered to be the most significant.

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

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

Voting behaviour				
	LGIM North America Equity Index – GBP Hedged	LGIM Europe (ex UK) Equity Index- GBP Hedged	LGIM Japan Equity Index - GBP Hedged	LGIM Pacific (ex Japan) Equity Index - GBP Hedged
Period	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024
Number of meetings eligible to vote at	628	504	492	448
Number of resolutions eligible to vote on	8,318	8,700	5,979	3,246
Proportion of votes cast	99.1	99.7%	100.0%	100.0%
Proportion of votes for management	63.8%	81.5%	89.7%	74.9%
Proportion of votes against management	35.7%	18.0%	10.3%	25.0%
Proportion of resolutions abstained from voting on	0.6%	0.5%	0.0%	0.2%

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	LionTrust UK Equity	MFS Global Equity
Period	01/01/2024-31/12/2024	01/01/2024-31/12/2024
Number of meetings eligible to vote at	46	87
Number of resolutions eligible to vote on	934	1,524
Proportion of votes cast	100%	100.0%
Proportion of votes for management	98.9%	93.9%
Proportion of votes against management	1.1%	2.7%
Proportion of resolutions abstained from voting on	0.1%	0.1%

Trustees' assessment

The Trustees 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 Trustees will consider how best to engage with the investment manager.

The Trustees have reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and will continue to review them periodically.

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

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

Investment manager	Engagement policy
HICL	https://www.ircp.com/who-we-are/governance-documents/
MFS	https://www.mfs.com/en-gb/investment-professional/insights/sustainability/mfs-stewardship-report.html
Legal & General Investment Management**	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf
RLAM	https://www.rlam.com/globalassets/media/literature/reports/stewardship-and-responsible-investment-report.pdf?utm_source=RI+webpage&utm_medium=Website&utm_campaign=Stewardship+Report+2024&utm_term=Download+report+button
LionTrust	https://www.liontrust.co.uk/-/media/liontrust/files/investor-relations/corporate-governance/governance-policies/liontrust-engagement-policy.pdf

** ESG reports available at fund level from LGIM's online Fund Centre.

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

LGIM North America Equity Index - GBP Hedged	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	Amazon.com, Inc.
Date of Vote	28/02/2024	10/12/2024	22/05/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.8	5.6	3.2

Summary of the resolution	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Resolution 9: Report on AI Data Sourcing Accountability	Resolution 6: Report on Customer Due Diligence
How the fund manager voted	Against	For	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is 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	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, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models	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.
Outcome of the vote	Fail	Fail	N/A

<p>Implications of the outcome</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>Criteria on which the vote is assessed to be “most significant”</p>	<p>Thematic - Diversity: LGIM views 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>	<p>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, we 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 Rekognition) 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</p>

and reporting of risks falls short of our baseline expectations surrounding AI. In particular, we would welcome additional information on the internal education of AI and AI-related risks.

LGIM Europe (ex UK) Equity Index - GBP Hedged	Vote 1	Vote 2	Vote 3
Company name	Nestle SA	Novartis AG	TotalEnergies SE
Date of Vote	18/04/2024	05/03/2024	24/05/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.9	2.1	1.7
Summary of the resolution	Resolution 7: Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods	Reelect Joerg Reinhardt as Director and Board Chair	Resolution 6: Reelect Patrick Pouyanne as Director
How the fund manager voted	For	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the 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	Shareholder proposal "Health" Nutrition: A vote FOR	Diversity: a vote FOR is applied following	Joint Chair/CEO: A vote against is applied as LGIM expects the roles

	<p>is applied. LGIM is one of the co-filers of this resolution. We call for more effective targets to increase the availability of healthier food choices for consumers. There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs and decreased productivity, both of which we believe will have negative impacts on the economy. As the largest food company in the world we believe Nestlé® sets an example for the rest of the industry in terms of driving positive change and raising market standards.</p>	<p>engagement with the company.</p>	<p>of Board Chair and CEO to be separate and not to be recombined once separated. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.</p>
Outcome of the vote	N/A	N/A	N/A
Implications of the outcome	<p>LGIM will continue to engage with its investee companies, publicly advocate LGIM position on this issue and monitor company and market-level progress.</p>		
Criteria on which the vote is assessed to be “most significant”	<p>Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to nutrition being an important topic for investors because it</p>	<p>Thematic - Diversity: LGIM views 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</p>

	<p>has a significant impact on the health and well-being of individuals, communities and societies. The interconnected challenges of obesity, undernutrition and micronutrient deficiencies is estimated to be 5% of global income, or \$3.5 trillion, per annum. Nutrition is therefore one of our global stewardship sub-themes, under the umbrella of Health.</p>	<p>the combination of the board chair and CEO.</p>
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LGIM Japan Equity Index - GBP Hedged	Vote 1	Vote 2	Vote 3
Company name	Toyota Motor Corp.	KEYENCE Corp.	Shin-Etsu Chemical Co., Ltd.
Date of Vote	18/06/2024	14/06/2024	27/06/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.2	1.8	1.4
Summary of the resolution	Resolution 1.1: Elect Director Toyoda, Akio	Resolution 2.2: Elect Director Nakata, Yu	Resolution 2.2: Elect Director Saito, Yasuhiko
How the fund manager voted	Against	Against	Against

<p>Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote</p>	<p>LGIM publicly communicates its vote instructions on its website with the 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.</p>		
<p>Rationale for the voting decision</p>	<p>Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. We would like to see all companies have a third of the board comprising truly independent outside directors. Diversity: A vote against is applied due to the lack of meaningful diversity on the board. Climate Impact Pledge: A vote against is warranted as we believe there is still a disconnect in Toyota's stated climate ambitions and its current multi-pathway strategy. We encourage Toyota to further develop disclosures that more clearly articulate how it intends to support a global transition to zero emission vehicles and net zero emissions. Accountability: A vote against has been applied as the Company</p>	<p>Diversity: A vote against is applied due to the lack of meaningful diversity on the board. Accountability: A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board.</p>	<p>Diversity: A vote against is applied due to the lack of meaningful diversity on the board.</p>

has not provided disclosure surrounding the use of former CEO as Advisor to the Board. Additionally, a vote AGAINST Mr Toyoda is warranted because, as a long-time top executive, Mr Toyoda should be considered ultimately accountable for a spate of certification irregularities within the Toyota Motor group. We are concerned that previous and current issues concerning legal certifications processes and safety requirements are indicative of a corporate culture that is not being amended to meet stakeholder expectations and legal requirements. For this reason, Mr Toyoda must be held accountable until appropriate remediation measures are taken.

Outcome of the vote	N/A	N/A	N/A
Implications of the outcome	LGIM will continue to engage with our investee companies, 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 - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

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/>

LGIM Pacific (ex Japan) Equity Index - GBP Hedged	Vote 1	Vote 2	Vote 3
Company name	BHP Group Limited	Westpac Banking Corporation	Woodside Energy Group Ltd.
Date of Vote	30/10/2024	13/12/2024	24/04/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.1	2.6	1.3
Summary of the resolution	Resolution 13: Approve Climate Transition Action Plan	Resolution 5b: Elect Margaret Seale as Director	Resolution 2a: Elect Richard Goyder as Director
How the fund manager voted	For resolution 13 (in line with management recommendation)	For	Against
Where the fund manager voted against management, did they communicate their intent to the company	LGIM publicly communicates its vote instructions on its website with the 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.		

ahead of the
vote

Rationale for the voting decision	<p>Climate Change: The critical minerals that mining companies provide are essential to the energy transition. It is clear that BHP has made significant strides in carrying out its core role in the transition in a sustainable manner, and has demonstrated this through the substantial alignment of its Climate Transition Action Plan (CTAP) with our framework for assessing mining company transition plans. Therefore, LGIM will be supporting BHPs CTAP. Going forwards, we will assess the disclosure of progress on BHPs plans for the development of a more targeted methane measurement, management and mitigation strategy, as well as the plans it is executing to support the decarbonisation of</p>	<p>Diversity: A vote in favour is applied despite the proportion of women on the Board having fallen below one-third of board members as at the 2024 AGM. However, support is warranted given the Company exceeded its goal of 40% female directors by the 2024 year-end, with some recent board changes at the AGM throwing it out of kilter. We expect companies to increase female participation both on the board and in leadership positions over time and will monitor Westpac's performance in this regard.</p>	<p>Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Additionally, despite the significant proportion of shareholder votes against the company's climate report at the 2022 AGM, we note that no material changes have been incorporated in the most recent climate transition plan, which we view as insufficiently robust, both in terms of disclosure and climate-related targets.</p>
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	steelmaking. We will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal.		
Outcome of the vote	N/A	Pass	Pass
Implications of the outcome	LGIM will continue to engage with its investee companies, publicly advocate LGIM position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	Pre-declaration: This shareholder resolution is considered significant due to the relatively high level of support received.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to our vote against the re-election of Richard Goyder (Resolution 2a) is applied in line with our Climate Impact Pledge engagement escalation, whereby we vote against the (re-)election of the Chair of the Board at companies lagging our minimum expectations on climate change; for the oil and gas sector, these are set out in our net-zero sector guide. 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/
LionTrust UK Equity	Vote 1	Vote 2	Vote 3

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Company name	Kone Oyj	Kone Oyj	AstraZeneca
Date of Vote	29/02/2024	29/02/2024	11/04/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5%	1.5%	3.8%
Summary of the resolution	Approve Remuneration Report (Advisory Vote) (item 10)	Approve Remuneration Policy And Other Terms of Employment For Executive Management (item 11)	Approve Remuneration Policy (item 7)
How the fund manager voted	Against (and against management)		
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	No	No	No
Rationale for the voting decision	The company has not included weights and performance outcomes for the individual performance criteria for its STIP and because the company has made an excessive exit payment to its former CEO. The performance period for the LTI 2020 which vested during 2023 is also insufficient.	There is not a maximum cap for the STIP. The policy allows for one-year performance periods for the LTIP.	The new maximum pay opportunities, especially a new LTIP maximum of 850% of salary, represent a substantial pay adjustment which positions executive pay very significantly above the Company's FTSE 10 peers. Bonus opportunities are increased simultaneously, further increasing variable pay.
Outcome of the vote	Vote passed	Vote passed	Vote passed

Implications of the outcome	N/A	N/A	N/A
Criteria on which the vote is assessed to be “most significant”	Vote against management on remuneration		
MFS Global Equity	Vote 1	Vote 2	Vote 3
Company name	United Parcel Service, Inc.	Alphabet Inc.	Alphabet Inc.
Date of Vote	02/05/2024	07/06/2024	07/06/2024
Approximate size of fund’s holding as at the date of the vote (as % of portfolio)	0.8%	2.3%	2.3%
Summary of the resolution	Report on Effectiveness of Diversity, Equity, and Inclusion Efforts	Elect Director John L. Hennessy	Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies
How the fund manager voted	Against Management	Against Management	Against Management
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	While MFS may engage with issuers ahead of their vote at a shareholder meeting, they may not disclose their final vote decisions that are considered on a case-by-case basis prior to the meeting.		
Rationale for the voting decision	MFS voted FOR this resolution, as reporting quantitative and comparable diversity statistics would allow shareholders to better assess the effectiveness of the company's diversity	MFS voted AGAINST the nominee, as the nominee is the Chair of the Nominating Committee, and the board is comprised of less than 24% female directors.	MFS voted FOR this proposal, as the growing use of artificial intelligence to drive advertising presents new and unconsidered risk, and the board currently has limited oversight on this topic.

	initiatives and its management of related risks.		Further investigation and disclosure would be beneficial in understanding this risk.
Outcome of the vote	22.3%	83.0%	18.5%
Implications of the outcome	MFS believe this level of support indicates a fair level of shareholder concern. They hope to see a robust response from the issuer, as well as engagement efforts to address shareholders' concerns.	MFS embrace opportunities to engage with issuers on issues such as this, and seek productive dialogues around gender diversity and the broader diversity among directors.	MFS will continue to monitor how the company considers its human rights risks, specifically through targeted AI advertising, and the steps it takes to mitigate any future concerns.
Criteria on which the vote is assessed to be "most significant"	For the purpose of this questionnaire, "significant votes" may have the following characteristics, among others: vote is linked to certain engagement priorities, vote considered engagement with the issuer, vote relates to certain thematic or industry trends, etc.		

Information on the most significant engagement case studies for each of the managers containing public equities or bonds is shown below.

LGIM – firm level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Aegon Ltd	Sainsbury's	ExxonMobil
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	With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is the second largest supermarket in the UK. Although	As one of the world's largest public oil and gas companies, LGIM believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the potential for

<p>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.</p>	<p>Sainsbury's is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited.</p>	<p>significant influence across the industry as a whole, and particularly in the US.</p>
<p>While the business rationale was sound, the main concerns with this proposal for LGIM were that the new regulatory framework would adversely impacted shareholders rights, and potentially its capital position. The key issues included: 1) No pre-emptive rights for existing shareholders on the issuance of common shares; (2) No shareholder approval would be required for share buybacks; and (3) No shareholder approval would be required for annual final dividend payments, amongst other issues.</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, our work on income inequality and our expectations of companies regarding the living wage have acquired a new level of urgency.</p>	<p>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. LGIM 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</p>
<p>As a responsible investor, LGIM advocates that all companies should ensure that they are paying their employees a living wage and that this requirement should also be extended to all firms with whom they do business across</p>	<p>21</p>	

	<p>Consequently, LGIM decided to engage with Aegon management team ahead of the EGM in order to highlight our 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 our voice to influence the proposals and push for enhanced shareholders rights ahead of the vote. Additionally, they wanted to better understand the impact of the new supervisory environment on the business to ensure that it would not adversely impact both creditors and shareholders.</p>	<p>their Tier 1 and ideally Tier 2, supply chains.</p> <p>They expect the company board to challenge decisions to pay employees less than the living wage.</p> <p>LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees.</p> <p>In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern.</p> <p>UN SDG 1: No poverty and SDG 8: Decent work and economic growth</p>	<p>expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>LGIM Climate Impact Pledge 'red lines' for the oil & gas sector are:</p> <ul style="list-style-type: none"> - Has the company committed to net-zero operational emissions? - Does the company have time-bound methane reduction/zero flaring targets? - Does the company disclose its climate-related lobbying activities, including trade association memberships, and explain the action it will take if these are not aligned with a 1.5°C scenario? <p>UN SDG 13: Climate action</p>
<p>What the investment manager has done</p>	<p>LGMI was in touch with Aegon's Investor Relations team in early September ahead of a planned meeting with the CEO</p>	<p>LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real</p>	<p>LGIM has been engaging with Exxon Mobil since 2016 and they have, over time, participated willingly in their discussions</p>

<p>and management team at a roadshow in the US. LGIM noted their initial concerns with some of the proposed changes to the Company's Articles of Incorporation following the redomicile to a lower shareholder rights jurisdiction. This concern was also picked up by the main proxy advisory firms, ISS and Glass Lewis, who recommended negatively in respect of the proposed move. Following engagement on 14 September, Aegon announced amended proposals on 15 September, that now provided for enhanced shareholder rights to more closely align with provisions previously in place, especially around capital management authorities.</p> <p>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</p>	<p>living wage to all employees, except those in outer London.</p> <p>LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements failed to deliver change, they then joined ShareAction in co-filing a shareholder resolution in Q1 2022, asking the company to become a living wage accredited employer. This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees to the real living wage. 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</p>	<p>and meetings. Under their Climate Impact Pledge, LGIM identified a number of initial areas for concern, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities. Levels of individual typically engaged with include the Head of Sustainability, Lead Independent Director, the Company Secretary and Investors Relations.</p> <p>LGIM 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 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</p>
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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.

excluded from the uplift.

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

In 2023, LGIM led its own campaign on income inequality where we targeted the largest global food retailers. Sainsbury's is one of the 15 companies we are targeting. The campaign has as a consequence, a vote against the Chairman if our minimum requirements are not met by the time of their AGM in 2025.

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 they considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM 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 our 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). The proposal was centred around disclosure and seeking greater insight into the potential costs associated with the decommissioning of Exxon’s assets in the event of an accelerated energy transition. LGIM believe this is a fundamental level of information for the company’s shareholders, in light of growing investor concerns about asset retirement obligations (AROs) in a carbon constrained future, and that it is financially material information. The proposal received over 16% support from shareholders which, although lower than we would have liked, demonstrates an increasing recognition of the importance of this issue for investors.

<p>Outcomes and next steps</p>	<p>With pressure applied on the Company by both investors and proxy advisers, LGIM were able to push for improved shareholder rights and amended terms ahead of the vote taking place at the EGM.</p>	<p>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</p>	<p>Since 2021, LGIM has 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</p>
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<p>Both ISS and Glass Lewis changed their vote recommendations on the proposal upon the announcement on 15 September by the Company of changed terms and commitments, and LGIM felt comfortable to support all resolutions at the EGM. The redomicile of Aegon was overwhelmingly approved by shareholders with 98.7% of shares voted in favour.</p>	<p>extending free food to workers well into 2023. LGIM 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.</p> <p>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.</p> <p>LGIM is 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</p>	<p>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 we 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 is also seeking further transparency on their lobbying activities.</p> <p>The company remains on their divestment list (for relevant funds), but their engagement with them continues. In terms of tier next steps, LGIM will continue their direct engagements with the company under our Climate Impact Pledge and separately, to better understand challenge Exxon on their approach to the</p>
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operations, they also expect them to take certain actions regarding their Tier 1 and ideally Tier 2 supply chains.

LGIM has 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, we would expect there to be a knock-on impact as competitors and smaller peers would then be compelled to follow suit. We would hope that this would improve the livelihood of thousands of workers and their families and also boost GDP.

LGIM may consider co-filing some shareholder resolutions in 2024 at some of the

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. We will also be engaging with proxy advisors and fellow investors to better understand their voting rationale.

LGIM was pleased to see progress from the company in terms of joining the Oil and Gas Methane Partnership ('OGMP') 2.0 – the flagship oil and gas reporting and mitigation programme on methane, of which many global oil and gas companies, including BP and Shell, are already members. LGIM has 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 our direct engagements with the company under our Climate Impact

	<p>companies targeted under this campaign.</p>	<p>Pledge. Exxon had demonstrated reluctance, previously, to sign up to the OGMP and LGIM voted in favour of a shareholder resolution tabled at its 2023 AGM, requesting that the company produce a report on methane emission disclosure reliability, which received 36.4% support from shareholders. Public and shareholder pressure, growing membership of the OGMP and Exxon's recent acquisition of OGMP member Pioneer Natural Resources appear to have swayed the company towards greater transparency.</p> <p>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 we are seeking.</p>
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<p>LionTrust – firm level</p>	<p>Case Study 1</p>	<p>Case Study 2</p>
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Engagement Policy Implementation Statement for the year ending 31 December 2024

Name of entity engaged with	Mondi	Dunelm
Topic	N/A	N/A
Rationale	To support the team's investment process	
What the investment manager has done	<p>The team spoke with Mondi as part of Nature Action 100's collaborative engagement initiative. Mondi is making good progress on understanding its upcoming TNFD reporting requirements. More than 80% of Mondi's products are fibre based which the group sources either from a land bank that is directly owned / operated by Mondi or through a supply chain where the group relies on certifications, such as FSA. The group sources 13m cubits of wood from suppliers and uses a risk based approach to do so. The group's manufacturing operations represent the biggest footprint in terms of water use.</p>	<p>The team engaged with the Chair of Dunelm in February 2024. This discussion covered the group's board and its broad range of experiences brought by its members (including solid digital experience) and the fact that the group plans to have better succession plans in place. The group plans to increase the number of board strategy days per year and focus on areas such as the group's London strategy.</p>
Outcomes and next steps	The team will continue to engage.	

MFS – firm level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Rolls Royce Holdings PLC	Danone	Glencore PLC
Topic	Environment - Climate Change	<p>Governance - Board effectiveness - Diversity</p> <p>Governance - Independence or Oversight</p>	Environment - Climate Change

Rationale	<p>MFS believe open communication with companies and issuers is an important aspect of their ownership responsibilities, which is why they take a constructive approach to engagement. Characterized as collaborative, materiality oriented and issuer-focused, MFS believe this approach gives them an analytical advantage and can act as a source of alpha generation. It is their view that the best outcomes are most likely achieved through strong relationships and regular, mutual dialogue with their portfolio companies. MFS goal when engaging is to exchange views on ESG topics that represent material risks or opportunities for companies or issuers, and to effect positive change on such issues. They believe that long-term-oriented asset managers who engage companies on ESG topics can positively influence a multitude of better business practices, which will ultimately accrete value for their clients. MFS engagement approach is driven by strong collaboration between all members of their investment platform, including their stewardship team. MFS engagements take place consistently, and in a number of different forms, often through mutual dialogue with company management, formal letters, ESG-focused board meetings and more. They may also work with other industry participants.</p>
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MFS believe that their approach to engagement can generate positive impacts for industries, individual companies and a wide range of stakeholders, including shareholders. They actively participate in industry initiatives, organizations and working groups that seek to improve and provide guidance on corporate and investor best practices, ESG integration and proxy voting issues. MFS is a member of or signatory to a variety of organizations and initiatives that promote ESG topics, including the Principles for Responsible Investment (PRI), the US Investor Stewardship Group (ISG), the Workforce Disclosure Initiative (WDI), the CDP, Climate Action 100+ (CA100+) and Ceres. They frequently participate in CA100+ company engagements, and they are actively encouraging their portfolio companies to enhance disclosure and adopt best practices across a variety of ESG topics such as setting science-based emissions reduction targets, addressing modern slavery and forced labor concerns and enhancing disclosure around employee management practices.

What the investment manager has done	While the engagement described below took place during the one year timeframe to end December 2024,	While the engagement described below took place during the one year timeframe to end December 2024,	While the engagement described below took place during the one year timeframe to end December 2024,
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<p>engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that are long-term in nature.</p>	<p>engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that are long-term in nature.</p>	<p>engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that are long-term in nature.</p>
<p>MFS engaged on a collective basis as part as our membership of the Climate Action 100+ Working group on Rolls Royce.</p>	<p>MFS continued to engage with Danone during the first quarter of 2023 as part of their participation in Climate Action 100+.</p>	<p>Meeting date: Multiple Led by: CSO, Stewardship team, portfolio managers, industry analyst.</p>
<p>Our conversations focused on the company's efforts to reduce the climate impacts of air travel, with a particular focus on sustainable aviation fuels and alternative propulsion technologies (e.g. hydrogen). The company has already run both large and small engines on 100% sustainable aviation fuels. However, the adoption of such fuels will likely continue to be constrained by regulation for some time. The team was more positive on the company's small modular nuclear reactor business. Given that nuclear has always suffered from cost overruns</p>	<p>Some of the key topics discussed were climate change, natural capital and deforestation, plastics, decarbonization planning, SBTi certification and capital allocation. Overall, MFS note that progress has been made in several areas on the company's climate plans. For one, Danone's SBTi validation has come through in December 2022 and is now aligned with 1.5 degree pathway and includes new forestry, land use and agriculture targets. Danone's businesses greenhouse gas emissions for the agricultural business segment represent</p>	<p>Members of MFS investment team engaged with the sustainability lead, carbon lead and company secretary of Glencore ahead of the upcoming AGM and vote on the progress report of the company's climate transition plan. MFS discussion provided additional color to the dynamics and factors shaping the decarbonization pathway for thermal coal and provided insight on both the progress and challenges in detailed public disclosure. Regarding product use emissions data, they encouraged Glencore to do more on customer engagement, including supporting</p>

<p>and higher than expected energy prices, Rolls Royce is going to manufacture these small module reactors in a central facility which will reduce time to energy production and the higher costs associated with traditional reactor construction.</p>	<p>60% of overall GHG emissions, which was challenging for target setting before the publication of the Forestry, Land use and Agriculture (FLAG) report. Before the FLAG report, sectoral pathways applicable to Danone were not defined.</p>	<p>the transfer of knowledge on carbon capture from Australia into Asia. MFS also identified areas where they would like to see enhanced disclosure in the future.</p>
<p>We engaged further with Rolls Royce in the fourth quarter of 2023. We were pleased to see some progress made around the previously discussed topics of climate-related disclosures and emissions reduction target setting. The company is working to have its emissions targets SBTi validated by the end of 2024, has achieved 2023 goals set around sustainable aviation fuel use, and communicated at a high level that emissions-reduction targets will be added to executive remuneration LTI starting in 2025.</p>	<p>FLAG now provides companies with very precise guidance and tools that are specific to the FLAG sector – land based emissions and removals. Removals are key to the FLAG sector.</p>	
<p>We noted that the company's product use emissions goals are highly dependent on developments in</p>	<p>The company stated that it participated in several working groups to shape the FLAG pathway. Targets have been filed for scope 1,2 and 3. The commitment Danone took is now more complicated and will require precise monitoring.</p>	
	<p>With regard to plastics, the company has release KPIs on plastic and packaging and it is one of the major topics for the company and core category. As for the targets, Danone stated that in staples sector it was always perceived as one of</p>	

	<p>the sustainable aviation fuel space, a factor relatively outside of its control. However, Rolls Royce appeared to be taking reasonable steps to support its net zero alignment while limiting its climate-related risk exposure. We will continue to monitor the status of the company's target setting, plans and actions to achieve them and related management incentives.</p>	<p>the leaders with regards to its approach on plastics and packing; it is focusing on increasing recyclability and finding alternatives, trying to find new innovations. The ambition of Danone is to be a pioneer and it will want to keep this ambition.</p> <p>In November 2023, members of MFS investment team continued their engagement program with Danone on the topics of board composition, CEO remuneration and plastics.</p>	
<p>Outcomes and next steps</p>	<p>MFS will continue to keep engaging with the company on these issues.</p>	<p>MFS will continue to keep engaging with the company on these issues.</p>	<p>Shortly after MFS engagement with Glencore, MFS followed up with written correspondence mentioning that MFS plan to support the vote approving the progress report, despite limited implementation progress, and outlining feedback on multiple related topics. MFS further identified areas where MFS would like to see enhanced reporting on thermal coal in order to provide</p>

continued support of future progress reports such as capital allocation, the company's future emissions pathway, action to reduce customer emissions and mine rehabilitation.

Regarding capital allocation, MFS requested further detail on the use of expansionary capital in thermal coal, such as location and activity, and the tests used to determine alignment of capital within the transition plan. MFS hopes to meet again with the company in the coming months to continue engaging on these topics.

RLAM – firm level	Case Study 1	Case Study 2
Name of entity engaged with	Johnson & Johnson	Sabre Insurance Group PLC
Topic	Remuneration	Diversity
Rationale	n/a	n/a
What the investment manager has done	n/a	n/a
Outcomes and next steps	Johnson & Johnson has made progress in implementing a racial equity audit following the passing of a shareholder resolution.	RLAM has observed significant progress in the company's practices. Sabre Insurance has appointed a new minority ethnic board member, meeting the Parker

The board has demonstrated a commitment to providing sufficient oversight and challenge to management, despite the combined Chair/CEO position. During their discussion, RLAM gained valuable insights into the company's approach to board structure, executive compensation disclosure and framework, and broader stakeholder matters, including employee and shareholder resolutions. While RLAM maintain its views on certain topics, the overall tone of the discussion was positive and provided a deeper understanding of Johnson & Johnson's approach.

Review targets. It has also established an ED&I policy and broadened its recruitment pool using a hybrid model to attract talent from London. Overall, the company has made commendable strides in promoting diversity and inclusion at all levels, including senior roles and the board.