

Wheelabrator Group Pension Scheme

Engagement Policy Implementation Statement for the year ending 5 April 2023

Introduction

The Trustees of the Wheelabrator Group Pension Scheme (the “Scheme”) have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The 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) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 5 April 2023. 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, appoint their investment managers (and choose the specific pooled funds to use) in order to meet specific Scheme 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 have decided not to take non-financial matters into account when considering their policy objectives.

Stewardship - monitoring and engagement

The Trustees recognise that an investment manager’s ability to influence the companies in which it invests in 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 to the investment platform provider, where applicable) and expect the investment managers (and investment platform provider) 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
Legal & General Investment Management	Yes	Yes
M&G Investments	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 a review of each manager's engagement behaviour. The Trustees may also request their investment consultant's ESG rating to aid them in this process.

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 manager is 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 managers' engagement policies are provided in the Appendix. These policies are publicly available on the investment manager's website.

The latest available information provided by the investment manager (for mandates that contain public equities or bonds) is as follows. Please note that the hedged share classes held by the Scheme hold the same securities as the unhedged share classes.

Engagement			
	LGIM North America Equity Index Fund	LGIM Global Emerging Markets Equity Index Fund	LGIM UK Equity Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023

Engagement Policy Implementation Statement for the year ending 5 April 2023

Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		
Number of companies engaged with over the year	165	136	208
Number of engagements over the year	263	229	328

Engagement			
	LGIM Europe (ex UK) Equity Index Fund	LGIM Japan Equity Index Fund	LGIM Asia Pacific (ex Japan) Developed Equity Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		
Number of companies engaged with over the year	55	35	48
Number of engagements over the year	89	64	82

Engagement		
	LGIM FTSE Developed Core Infrastructure Index Fund	M&G Total Return Credit Investment Fund
Period	01/04/2022 – 31/03/2023	01/04/2022 – 31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.	n/a
Number of companies engaged with over the year	16	10

Number of engagements over the year	23	11
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Exercising rights and responsibilities

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

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

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

Voting behaviour			
	LGIM North America Equity Index Fund	LGIM Global Emerging Markets Equity Index Fund	LGIM UK Equity Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Number of meetings eligible to vote at	679	5086	733
Number of resolutions eligible to vote on	8543	42279	10870
Proportion of votes cast	99.41%	99.92%	99.94%
Proportion of votes for management	65.40%	78.18%	94.46%
Proportion of votes against management	34.55%	19.74%	5.54%
Proportion of resolutions abstained from voting on	0.06%	2.07%	0.00%

Voting behaviour				
	LGIM Europe (ex UK) Equity Index Fund	LGIM Japan Equity Index Fund	LGIM Asia Pacific (ex Japan) Developed Equity Index Fund	LGIM FTSE Developed Core Infrastructure Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Number of meetings eligible to vote at	618	505	503	144

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Number of resolutions eligible to vote on	10391	6267	3590	1802
Proportion of votes cast	99.93%	100%	100%	100%
Proportion of votes for management	80.99%	88.75%	70.8%	75.9%
Proportion of votes against management	18.53%	11.25%	29.2%	24.0%
Proportion of resolutions abstained from voting on	0.48%	0.00%	0.00%	0.1%

Trustees' assessment

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

The Trustees have reviewed each investment manager's policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment 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
Legal & General Investment Management	https://www.lgim.com/landq-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf
M&G Investments	https://www.mandg.com/~media/Files/M/MandG-Plc/documents/mandg-investments-policies/mg-investments-engagement-policy-may-2022.pdf

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

LGIM	Vote 1	Vote 2	Vote 3
UK Equity Index Fund			
Company name	Royal Dutch Shell Plc	BP Plc	Rio Tinto Plc
Date of Vote	24/05/2022	12/05/2022	08/04/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.7	3.0	2.7
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 3 - Approve Net Zero - From Ambition to Action Report	Resolution 17 - Approve Climate Action Plan
How the fund manager voted	Against	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	Voted in line with management	Voted in line with management	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	<p>Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.</p>	<p>Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.</p>	<p>Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.</p>
Outcome of the vote	79.9% against	88.5% for	84.3% against

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.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	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”	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

LGIM	Vote 1	Vote 2	Vote 3
Global Emerging Markets Equity Index Fund			
Company name	Meituan	China Construction Bank Corporation	Pinduoduo Inc.
Date of Vote	18/05/2022	23/06/2022	08/02/2023
Approximate size of fund’s holding as at the date of the vote (as % of portfolio)	1.0	0.9	0.6
Summary of the resolution	Resolution 2 - Elect Wang Xing as Director	Resolution 10 - Elect Graeme Wheeler as Director	Resolution 5 - Elect Director George Yong-Boon Yeo
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>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>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>Diversity: A vote against is applied as LGIM expects a company to have at least one female on the board. Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. A vote AGAINST the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfill</p>	<p>Climate Impact Pledge: A vote against is applied under LGIM's Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.</p>	<p>Lead Independent Director: A vote against is applied as LGIM expects companies to elect an independent lead director where there is a combined Board Chair and CEO. Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.</p>

	fiduciary duties in the company.		
Outcome of the vote	91.8% against	95.5% against	85.3% against
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.	LGIM will continue to engage with the company and monitor progress.	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"	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. LGIM also considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

	2020 we have voted against all combined board chair/CEO roles.		
LGIM	Vote 1	Vote 2	Vote 3
North America Equity Index			
Company name	Amazon.com, Inc.	Alphabet Inc.	Meta Platforms, Inc.
Date of Vote	25/05/2022	01/06/2022	25/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.8	1.8	1.2
Summary of the resolution	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 7 - Report on Physical Risks of Climate Change	Resolution 5 - Require Independent Board Chair
How the fund manager voted	Against	For	LGIM voted in favour of the shareholder resolution (management recommendation: 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.	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.	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	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
Outcome of the vote	93.3% against	17.7% for	16.7% for
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.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	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"	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).
LGIM	Vote 1	Vote 2	Vote 3
Europe (ex UK) Equity Index			
Company name	LVMH Moet Hennessy Louis Vuitton SE	Novartis AG	TotalEnergies SE
Date of Vote	21/04/2022	07/03/2023	25/05/2022

Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.2	2.0	1.6
Summary of the resolution	Resolution 5 - Reelect Bernard Arnault as Director	Resolution 8.1 - Reelect Joerg Reinhardt as Director and Board Chair	Resolution 16 - Approve Company's Sustainability and Climate Transition Plan
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website 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.	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.	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	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.	Climate change: A vote against is applied. We recognize the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, we remain concerned of the company's planned upstream production growth in the short term, and the absence of further

			details on how such plans are consistent with the 1.5C trajectory.
Outcome of the vote	92.0% against	N/A	88.9% against
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.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	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”	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

LGIM	Vote 1	Vote 2	Vote 3
Japan Equity Index			
Company name	Shin-Etsu Chemical Co., Ltd.	Mitsubishi Corp.	Sumitomo Mitsui Financial Group, Inc.
Date of Vote	29/06/2022	24/06/2022	29/06/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5	1.1	1.0
Summary of the resolution	Resolution 3.1 - Elect Director Kanagawa, Chihiro	Resolution 5 - Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement	Resolution 5 - Amend Articles to Disclose Measures to be Taken to Make Sure that the Company's Lending and Underwriting are not Used for Expansion of Fossil Fuel Supply or Associated Infrastructure
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.	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.	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	<p>Diversity: A vote against is applied due to the lack of meaningful diversity on the board.</p> <p>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>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.</p>	<p>Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.</p>	<p>Resolution 5 - A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply.</p>
Outcome of the vote	N/A	20.2% for	10% for
Implications of the outcome	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>We have had positive engagement with the Company. Despite this, we felt support of the shareholder proposal was appropriate to provide further directional push. We will continue to engage</p>

			with the Company to provide our opinion and assistance in formulating the Company's approach.
Criteria on which the vote is assessed to be "most significant"	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	Significant shareholder support for a Climate Shareholder Resolution in the Japan market. Support of shareholder proposal not in line with management recommendation despite positive engagement with the Company.

LGIM	Vote 1	Vote 2	Vote 3
Asia Pacific (ex Japan) Developed Equity Index			
Company name	Rio Tinto Limited	Oversea-Chinese Banking Corporation Limited	CK Hutchison Holdings Limited
Date of Vote	05/05/2022	22/04/2022	19/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.9	0.9	0.6
Summary of the resolution	Resolution 17 - Approve Climate Action Plan	Resolution 2a - Elect Ooi Sang Kuang as Director	Resolution 3a - Elect Li Tzar Kuoi, Victor as Director
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>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>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>Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which</p>	<p>Climate change: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. Lead Independent Director: A vote AGAINST the elections of Sang Kuang Ooi, Kwee Fong Hon (Christina Ong), and Joo Yeow Wee is warranted given that they serve on the nominating committee and the company, under the leadership of a non-</p>	<p>Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. Board mandates: A vote against is applied as LGIM expects a CEO not to hold too many external roles to ensure they can undertake their duties effectively.</p>

	would allow shareholders to monitor progress in a timely manner.	independent chairman, is not considered to have appointed an independent lead director (LID). Beng Seng Koh, the company's lead independent director, is not considered independent.	
Outcome of the vote	84.3% against	74.8% against	86.9% against
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.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	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"	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of

independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.

LGIM	Vote 1	Vote 2	Vote 3
FTSE Developed Core Infrastructure Index Fund			
Company name	Union Pacific Corporation	NextEra Energy, Inc.	American Tower Corporation
Date of Vote	12/05/2022	19/05/2022	18/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.1	5.6	4.4
Summary of the resolution	Resolution 1e - Elect Director Lance M. Fritz	Resolution 1j - Elect Director Rudy E. Schupp	Resolution 1f - Elect Director Robert D. Hormats
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website 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.	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.	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	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Diversity: A vote against is applied as the company has an all-male Executive Committee.
Outcome of the vote	91.7% against	85.9% against	98.1% against
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.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	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"	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

engagement by vote).
 LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.

Information on the most significant engagement case studies are found below, valid for all the Legal and General Investment Funds.

LGIM – Firm Level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	ExxonMobil	BP Plc	J Sainsbury Plc
Topic	Environment: Climate change (Climate Impact Pledge)	Environment: Climate change (Climate Impact Pledge)	Social: Income inequality - living wage (diversity, equity and inclusion)
Rationale	As one of the world's largest public oil and gas companies in the world, LGIM believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the potential for	As one of the largest integrated oil and gas producers in the world, BP has a significant role to play in the global transition to net zero, hence LGIM's focus on this company for in-depth engagements. As	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

<p>significant influence across the industry as a whole, and particularly in the US.</p> <p>At LGIM, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate-critical sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. LGIM's in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag our minimum</p>	<p>members of the CA100+ LGIM commit to engaging with a certain number of companies on their focus list and on account of LGIM's strong relationship with BP, they lead the CA100+ engagements with them.</p> <p>At LGIM, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate- LGIM sectors. We select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. LGIM's in-depth engagement is focused on helping companies meet these minimum</p>	<p>of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, LGIM's work on income inequality and their expectations of companies regarding the living wage have acquired a new level of urgency.</p> <p>LGIM's expectations of companies:</p> <ul style="list-style-type: none"> i) As a responsible investor, LGIM advocates that all companies should ensure that they are paying their employees a living wage and that this requirement should also be extended to all firms with whom they do business across their supply chains. ii) LGIM expect the company board to challenge decisions to pay employees less than the living wage. iii) LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees. iv) In the midst of the pandemic, LGIM went
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	<p>expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>UN SDG 13: Climate action</p>	<p>expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM’s minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>UN SDG 13: Climate action</p>	<p>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>With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury’s is one of the largest supermarkets in the UK. Although Sainsbury’s is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited.</p> <p>UN SDG 8: Decent work and economic growth</p>
<p>What the investment manager has done</p>	<p>LGIM have been engaging with Exxon Mobil since 2016 and they have participated</p>	<p>LGIM have been engaging with BP on climate change or a number of years,</p>	<p>Sainsbury’s has recently come under scrutiny for not paying a real living wage.</p>

<p>willingly in LGIM's discussions and meetings. Under our Climate Impact Pledge, LGIM identified a number of initial areas for concerns, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities.</p> <p>LGIM's regular engagements with Exxon Mobil have focused on their minimum expectations under the Climate Impact Pledge. The improvements made have not so far been sufficient in our opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with our Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM</p>	<p>during the course of which LGIM have seen many actions taken regarding climate change mitigation.</p> <p>BP has made a series of announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. LGIM's recommendation for the oil and gas industry is to primarily focus on reducing its own emissions (and production) in line with global climate targets before considering any potential diversification into clean energy. BP has also announced that it would be reducing its oil and gas output by 40% over the next decade, with a view to reaching net-zero emissions by 2050.</p> <p>LGIM met with BP several times during 2022. In BP's 2022 AGM, LGIM were</p>	<p>LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London. 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 filing a shareholder resolution in Q1 2022, asking the company to becoming a living wage accredited employer.</p> <p>This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees (inner and outer) to the real living wage. LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more</p>
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	<p>funds) in 2021, as LGIM considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM's engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting LGIM's continued wish for the company to take sufficient action on climate change in line with their minimum expectations.</p> <p>Levels of individual typically engaged with include lead independent director, investor relations, director and CFO.</p>	<p>pleased to be able to support management's 'Net Zero – from ambition to action' report (Resolution 3). Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil and gas production, and announced an increase in capital expenditure to low-carbon growth segments.</p> <p>Levels of director typically engaged with include the chair, the CEO, head of sustainability, and investor relations.</p>	<p>employees, there are still some who are excluded. This group comprises contracted cleaners and security guards, who fulfil essential functions in helping the business to operate safely.</p> <p>Levels of individual typically engaged with include the Chair, the CEO, and head of investor relations.</p>
<p>Outcomes and next steps</p>	<p>Since 2021, LGIM have seen notable improvements from Exxon Mobil regarding LGIM's key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions</p>	<p>LGIM will continue engaging with BP on climate change, strategy and related governance topics. Following the company's decision to revise their oil production targets, LGIM met with the company several times in early 2023 to discuss their concerns.</p>	<p>Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to</p>

reduction targets, and improved disclosure of lobbying activities. However, there are still key areas where LGIM require further improvements, including inclusion of Scope 3 emissions in their targets, and improving the level of ambition regarding interim targets. LGIM are also seeking further transparency on their lobbying activities.

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

workers well into 2023. LGIM welcome these actions which demonstrate the value the board places on its workforce. LGIM have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.