

Engagement Policy Implementation Statement

Introduction

The Trustee of the Arizona Chemical Limited Pension Scheme (the Scheme) has a fiduciary duty to consider its approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through its investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustee, 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 ended 31 March 2023.

This statement also describes the voting behaviour by, or on behalf of, the Trustee including the most significant votes case during the year, and whether a proxy vote has been used.

The Trustee, in conjunction with its investment consultant, appoints its investment managers and chooses the specific pooled funds to use in order to meet specific Scheme policies. They expect that its investment managers make decisions based on assessments about the financial performance and non-financial performance of underlying investments (including environmental, social and governance (ESG) factors) and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

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

Stewardship - monitoring and engagement

The Trustee recognises that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustee acknowledges that the concept of stewardship may be less applicable to some of its 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 Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustee detailing their voting activity.

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

The Trustee seeks to appoint managers that have strong stewardship policies and processes and are supportive of its investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
LGIM	Yes	Yes
Partners Group	Yes	N/A

Engagement Policy Implementation Statement (continued)

Stewardship - monitoring and engagement (continued)

The Trustee reviews each investment manager prior to appointment and monitors them on an ongoing basis through the regular review of the manager's voting and engagement policies, its investment consultant's ESG rating, and a review of each manager's voting and engagement behaviour.

The Trustee has not set out its own stewardship priorities but follows that of the investment managers.

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

If the Trustee finds any manager's policies or behaviour unacceptable, it may agree an alternative mandate with the manager or decide to review or replace the manager.

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

Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee with information on how the investment managers engage in dialogue with the companies in which they invest and how they exercise 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.

The Trustee is comfortable that these policies are broadly in line with the Scheme's chosen stewardship approach.

Links to investment manager's engagement policy or suitable alternative is provided in the Appendix.

These policies are publicly available on the investment managers' websites.

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

Engagement			
	UK Equity Index Fund	North America Equity Index Fund – GBP Hedged	Europe (ex UK) Index Fund – GBP Hedged
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	208	165	55
Number of engagements over the year	332	263	89

Engagement Policy Implementation Statement (continued)

Investment manager engagement policies (continued)

Engagement			
	Japan Equity Index Fund – GBP Hedged	Asia Pacific (ex Japan) Developed Index Fund – GBP Hedged	World Emerging Markets 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	24	60	120
Number of engagements over the year	42	100	196

Engagement	
AAA-AA-A Bonds – All Stocks Index Fund	
Period	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	54
Number of engagements over the year	114

Exercising rights and responsibilities

The Trustee recognises that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers of the pooled funds for which voting is possible are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustee has been provided with details of what each investment manager considers to be the most significant votes. The Trustee has not influenced the manager's definitions of significant votes, but have reviewed these and are satisfied that they are all reasonable and appropriate.

Engagement Policy Implementation Statement (continued)

Exercising rights and responsibilities (continued)

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

All investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustee does not carry out a detailed review of the votes cast by or on behalf of its investment managers but relies on the requirement for their investment managers 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) are as follows:

Voting behaviour			
	LGIM UK Equity Index Fund	LGIM North America Equity Index Fund - GBP Currency Hedged	LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged
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	733	679	618
Number of resolutions eligible to vote on	10,870	8,543	10,391
Proportion of votes cast	99.94%	99.41%	99.93%
Proportion of votes for management	94.46%	65.40%	80.99%
Proportion of votes against management	5.54%	34.55%	18.53%
Proportion of resolutions abstained from voting on	0.00%	0.06%	0.48%

Voting behaviour			
	LGIM Japan Equity Index Fund - GBP Currency Hedged	LGIM Asia Pacific (ex Japan) Developed Equity Index Fund – GBP Currency Hedged	LGIM World Emerging Markets 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	505	503	4,231
Number of resolutions eligible to vote on	6,267	3,590	36,506
Proportion of votes cast	100.00%	100.00%	99.92%
Proportion of votes for management	88.75%	70.84%	79.53%
Proportion of votes against management	11.25%	29.16%	18.41%
Proportion of resolutions abstained from voting on	0.00%	0.00%	2.06%

Engagement Policy Implementation Statement (continued)

Trustee's assessment

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the year, by continuing to delegate to each investment manager, the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee has undertaken a review of each investment manager's engagement policy including their policies in relation to financially material considerations and have found them to be acceptable at the current time.

The Trustee has 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.

The Trustee may also consider reports provided by other external ratings providers.

Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustee will consider whether to engage with the investment manager.

The Trustee has reviewed the significant voting and engagement behaviour of each investment manager from time to time and believes that this is broadly in line with the investment manager's stated policies, from time to time. The Trustee recognises 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

Engagement Policy Implementation Statement (continued)

Appendix 1

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/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf
Partners Group	https://www.partnersgroup.com/fileadmin/user_upload/Files/Legal Compliance PDFs/20210309 ESG Sustainability Directive vFV.pdf

Engagement Policy Implementation Statement (continued)

Appendix 2

Information on the most significant votes LGIM participated in during the year ending 31 March 2023 respectively is shown below.

LGIM UK Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	BP Plc	Rio Tinto Plc
Date of vote	24 May 2022	12 May 2022	8 April 2022
Approximate size of fund's holding (% of portfolio)	6.70	3.03	2.67
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 investment 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. They 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.	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.	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.

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM UK Equity Index Fund (continued)	Vote 1	Vote 2	Vote 3
Rationale for the voting decision (continued)	However, they 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.	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.	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.
Outcome of the vote	79.9% against	88.5% for	84.3% against
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.		
LGIM North America Equity Index Fund - GBP Currency Hedged	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Alphabet Inc.	Meta Platforms, Inc.
Date of vote	25 May 2022	1 June 2022	25 May 2022
Approximate size of fund's holding (% of portfolio)	2.76	1.79	1.18

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM North America Equity Index Fund - GBP Currency Hedged (continued)	Vote 1	Vote 2	Vote 3
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 investment manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	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 their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	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 their 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).

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged	Vote 1	Vote 2	Vote 3
Company name	LVMH Moët Hennessy Louis Vuitton SE	Novartis AG	TotalEnergies SE
Date of vote	21 April 2022	7 March 2023	25 May 2022
Approximate size of fund's holding (% of portfolio)	2.21	2.01	1.56
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 investment manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies 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. They expect companies to increase female participation both on the board and in leadership positions over time.	Climate change: A vote against is applied. They 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, they 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	0.88.9% against

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged (continued)	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be “most significant”	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (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 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote significant as it is an escalation of the climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.
LGIM Japan Equity Index Fund - GBP Currency Hedged	Vote 1	Vote 2	Vote 3
Company name	Shin-Etsu Chemical Co., Ltd.	Mitsubishi Corp.	Sumitomo Mitsui Financial Group, Inc.
Date of vote	29 June 2022	24 June 2022	29 June 2022
Approximate size of fund’s holding (% of portfolio)	1.47	1.07	1.03

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM Japan Equity Index Fund - GBP Currency Hedged (continued)	Vote 1	Vote 2	Vote 3
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 investment manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	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.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.	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.	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.

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM Japan Equity Index Fund - GBP Currency Hedged (continued)	Vote 1	Vote 2	Vote 3
Rationale for the voting decision (continued)	They would like to see all companies have a third of the board comprising truly independent outside directors.		
Outcome of the vote	N/A	20.2% for	10.0% For
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	They have had positive engagement with the Company. Despite this, they felt support of the shareholder proposal was appropriate to provide further directional push. They will continue to engage 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 their clients, with implications for the assets we manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their 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.

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM Asia Pacific (ex Japan) Developed Equity Index Fund - GBP Currency Hedged	Vote 1	Vote 2	Vote 3
Company name	Rio Tinto Limited	Oversea-Chinese Banking Corporation Limited	CK Hutchison Holdings Limited
Date of vote	5 May 2022	22 April 2022	19 May 2022
Approximate size of fund's holding (% of portfolio)	0.948	0.913	0.606
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
Where the investment manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Climate change: They 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.	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.	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.

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM Asia Pacific (ex Japan) Developed Equity Index Fund - GBP Currency Hedged (continued)	Vote 1	Vote 2	Vote 3
Rationale for the voting decision (continued)	However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they 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.	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-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.	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.
Outcome of the vote	84.3% against	74.8% against	86.9% against
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their 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 their climate-related engagement activity and their 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 their 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.

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM Asia Pacific (ex Japan) Developed Equity Index Fund - GBP Currency Hedged (continued)	Vote 1	Vote 2	Vote 3
Criteria on which the vote is assessed to be “most significant” (continued)			These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.
LGIM World Emerging Markets Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Meituan	China Construction Bank Corporation	Industrial & Commercial Bank of China Limited
Date of vote	18 May 2022	23 June 2022	23 June 2022
Approximate size of fund's holding (% of portfolio)	1.32	1.11	0.75
Summary of the resolution	Resolution 2 - Elect Wang Xing as Director	Resolution 10 - Elect Graeme Wheeler as Director	Resolution 7 - Elect Chen Siqing as Director
How the fund manager voted	Against	Against	Against

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM World Emerging Markets Equity Index Fund (continued)	Vote 1	Vote 2	Vote 3
Where the investment manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	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 fiduciary duties in the company.	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.	Climate Impact Pledge: A vote against is applied under LGIM's Climate Impact Pledge. We positively note the Company's increased willingness to engage with LGIM and highlight responsiveness to investor concerns, including ESG-related amendments to strengthen the bank's Articles of Association in this area. However, they continue to note our concern with the lack of a clear thermal coal policy in place and no disclosure of scope 3 emissions associated with investments. They will continue to monitor the Company's progress in this area.
Outcome of the vote	91.8% against	95.5% against	99.0% against
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.	

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM World Emerging Markets Equity Index Fund (continued)	Vote 1	Vote 2	Vote 3
Criteria on which the vote is assessed to be “most significant”	<p>LGIM views diversity as a financially material issue for their 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 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.</p>	<p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p>	<p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p>

Information on the most significant engagement case studies for each of the funds 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	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)

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM – Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
Rationale	<p>As one of the world's largest public oil and gas companies in the world, LGIM believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the potential for significant influence across the industry as a whole, and particularly in the US. 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 expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions). UN SDG 13: Climate action</p>	<p>As one of the largest integrated oil and gas producers in the world, BP has a significant role to play in the global transition to net zero, hence LGIM's focus on this company for in-depth engagements. As members of the CA100+ LGIM commit to engaging with a certain number of companies on their focus list and on account of LGIM's strong relationship with BP, they lead the CA100+ engagements with them. 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 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>Ensuring companies take account of the 'employee voice' and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of our stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, LGIM's work on income inequality and their expectations of companies regarding the living wage have acquired a new level of urgency. 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.

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM – Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
Rationale (continued)		UN SDG 13: Climate action	<p>iv) In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern.</p> <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>
What the investment manager has done	<p>LGIM have been engaging with Exxon Mobil since 2016 and they have participated willingly in LGIM's discussions and meetings.</p>	<p>LGIM have been engaging with BP on climate change or a number of years, during the course of which LGIM have seen many actions taken regarding climate change mitigation.</p>	<p>Sainsbury's has recently come under scrutiny for not paying a real living wage.</p>

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM – Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
What the investment manager has done (continued)	<p>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. LGIM's regular engagements with Exxon Mobil have focused on their minimum expectations under the Climate Impact Pledge. The improvements made have not so far been sufficient in our opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with our Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as LGIM considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM's engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related shareholder resolutions (i.e. voted against management 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>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. LGIM met with BP several times during 2022. In BP's 2022 AGM, LGIM were pleased to be able to support management's 'Net Zero – from ambition to action' report (Resolution 3). Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil and gas production, and announced an increase in capital expenditure to low-carbon growth segments.</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. This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees (inner and outer) to the real living wage. LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, there are still some who are excluded.</p>

Engagement Policy Implementation Statement (continued)

Appendix 2 (continued)

LGIM – Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
What the investment manager has done (continued)	Levels of individual typically engaged with include lead independent director, investor relations, director and CFO.	Levels of director typically engaged with include the chair, the CEO, head of sustainability, and investor relations.	This group comprises contracted cleaners and security guards, who fulfil essential functions in helping the business to operate safely. Levels of individual typically engaged with include the Chair, the CEO, and head of investor relations.
Outcomes and next steps	Since 2021, LGIM have seen notable improvements from Exxon Mobil regarding LGIM's key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, and improved disclosure of lobbying activities. However, there are still key areas where LGIM require further improvements, including inclusion of Scope 3 emissions in their targets, and improving the level of ambition regarding interim targets. LGIM are also seeking further transparency on their lobbying activities. The company remains on LGIM's divestment list (for relevant funds), but LGIM's engagement with them continues.	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.	Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. LGIM welcome these actions which demonstrate the value the board places on its workforce. LGIM have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.

Ian Eggleton on behalf of the Trustee
18 October 2023