George Fischer Pension Scheme

Engagement Policy Implementation Statement for the year ending 31 December 2023

Introduction

This implementation statement has been prepared by the George Fischer Pension Scheme (the 'Scheme'). The Scheme provides benefits calculated on a defined benefit (DB) basis for members.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles (the 'SIP')) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 December 2023. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

Trustees' overall assessment

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ending 31 December 2023.

Review of the SIP

The Trustees' policies have been developed over time by the Trustees in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

Policy in relation to the kinds of investments to be held

The Trustees have given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding the kinds of investments to be held. The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index linked bonds, cash, property and pooled investment vehicles considered appropriate for tax-exempt approved occupational pension schemes. The Trustees consider all of the stated classes of investment to be suitable in the circumstances of the Scheme.

All investments made during the year have been in line with their investment powers.

Investment strategy and objectives

Investment strategy

The investment strategy for the Scheme is based on an analysis of its liability profile, the required investment return and the returns expected from the various asset classes over the long-term. The Trustees review this investment strategy and the asset allocation as part of each triennial actuarial valuation. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

Policy in relation to the balance between various kinds of investments and the realisation of investments

The appointed indirect investment managers hold a diversified mix of investments in line with their agreed benchmarks and within their discretion to diverge from the benchmarks. Within each major market each indirect manager maintains a diversified portfolio of holdings through pooled vehicles.

The Trustees require the indirect investment managers to be able to realise the Scheme’s investment in a reasonable timescale by reference to the market conditions existing at the time the disposal is required.

During the year, the Trustees received training on stewardship reporting, buy and maintain credit, LDI, and conducted an investment strategy review.

Policy in relation to the expected return on investments

The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary’s published actuarial valuation report to reach / maintain a fully funded status under the agreed assumptions.

Risk capacity and risk appetite

Policy in relation to risks

Although the Trustees acknowledge that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustees recognise other contributory risks, including the following. Namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Scheme having insufficient liquid assets to meet its immediate liabilities.
- Of the indirect investment managers in aggregate failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Scheme’s Sponsoring Employer to meet its obligations.

The key strategic risks were assessed during the year as part of the July 2023 investment strategy review. This included consideration of liquidity and cashflow needs.

Following the implementation of the strategy review, the Trustees plan to update the Cashflow Management Policy and LDI collateral waterfall in early 2024.

The Trustees monitor indirect investment manager risks through the biannual performance monitoring reports and annual cost disclosure documents provided by and discussed with the investment consultant.

Two monitoring reports were received during the year. These did not highlight any significant concerns over the level of risk being run within the Scheme.

Stewardship in relation to the Scheme assets

Policies in relation to indirect investment manager arrangements

The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the indirect investment managers, for their services. The Trustees have very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

The Trustees receive information on any trading costs incurred as part of asset transfer work within the Scheme, as and when these occur. The exercise is only undertaken if the expected benefits outweigh the expected costs.

The following transfers of assets took place during the Scheme Year:

1. A de-leverage event to reduce the amount of leverage for two LGIM LDI funds in May 2023. The capital was called from the Scheme's holdings with Nordea.
2. A de-leverage event to reduce the amount of leverage for three LGIM LDI funds in September 2023. The capital was called from the Scheme's holdings with Nordea.
3. A re-leverage event releasing cash as a result of excess collateral in two of the LGIM LDI funds. The distribution amount was sent to the Nordea fund.

These transfers did not incur any explicit transaction costs.

The Trustees also implemented changes agreed as part of the investment strategy review after 31 December 2023.

The indirect investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustees have paid their indirect investment managers a fee which is a fixed percentage of assets under management.

The investment consultant has reviewed and evaluated the indirect investment managers on behalf of the Trustees, including performance reviews, manager oversight meetings and operational due diligence reviews.

Indirect Investment manager monitoring and changes

During the year the Trustees received two reports from the investment consultant examining the performance of the pooled funds used. The Trustees also received reports directly from the platform provider.

Appropriate written advice will be taken from the investment consultant before the review, appointment, or removal of the indirect investment managers.

Stewardship of investments

The Trustees 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, via the platform provider or through their indirect investment managers.

The Trustees, in conjunction with their investment consultant, appoint their platform provider and indirect investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect their indirect investment managers to 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' objective is that the financial interests of the Scheme members is their first priority when choosing investments. The Trustees will take members' preferences into account if they consider it appropriate to do so.

Non-financial matters may be taken into account if the Trustees have good reason to think that the members would share the concern; and that the decision does not involve a risk of significant detriment to members' financial interests.

During the year, the Trustees received training from their investment consultant on new stewardship and governance requirements, and amended the Statement of Investment Principles as a result.

Stewardship - monitoring and engagement

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

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the indirect investment managers and to encourage the indirect managers to exercise those rights. The indirect investment managers in conjunction with the platform provider 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 indirect investment managers and they expect the indirect investment managers to use their discretion to maximise financial returns for members and others over the long term.

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.

Indirect Investment manager engagement policies

The Scheme's indirect investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how each indirect 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 indirect investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental, and corporate governance aspects.

Links to each indirect investment manager's engagement policy or suitable alternative is shown in the appendix.

These policies are publicly available on each of the investment manager's websites.

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

Engagement	LGIM Global (ex UK) Fixed Weights Equity Index Fund	LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged	LGIM Active Corporate Bond – Over 10 year Fund	M&G Total Return Credit Investment Fund
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023
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	366	600	n/a	6
Number of engagements over the year	539	933	n/a	8

The LGIM Multi-Asset (formerly Consensus) Fund has been excluded on materiality grounds given the small size of the investment. LGIM did not provide engagement statistics for non-equity funds.

Engagement	Nordea Diversified Return Fund
Period	01/01/2023-31/12/2023
Engagement definition	Nordea's engagement activities entail constructive dialogues with companies through face-to-face meetings, conference calls, letters or even field visits. As such, it provides an opportunity to improve their understanding of companies that they invest in as well as the ability to influence them. Nordea engage proactively with companies and other stakeholders on behalf of all internally managed Nordea funds. Nordea's engagement activities are carried out on behalf of all their funds, and follow this process: o Engagement selection process o Engagement plan with objective o Research and meeting o Report progress or escalate
Number of companies engaged with over the year	88
Number of engagements over the year	131

Exercising rights and responsibilities

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

The indirect investment managers who hold equities on behalf of the Scheme 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 indirect investment managers publish online the overall voting records of the firm on a regular basis.

All indirect 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 indirect investment managers but rely on the requirement for their indirect investment managers to provide a high-level analysis of their voting behaviour.

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

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

Voting behaviour	LGIM Global (ex UK) Fixed Weights Equity Index Fund	LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged	Nordea Diversified Return Fund
Period	01/01/2023-31/12/2023	01/01/2023-31/12/2023	01/01/2023-31/12/2023
Number of meetings eligible to vote at	2,203	3,052	200
Number of resolutions eligible to vote on	28,052	39,790	2,486
Proportion of votes cast	99.9%	99.9%	98.2%
Proportion of votes for management	76.6%	81.5%	83.1%
Proportion of votes against management	23.3%	18.4%	11.8%
Proportion of resolutions abstained from voting on	0.2%	0.1%	5.1%

Figures may not sum to 100% due to rounding.

Trustees' engagement

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

The Trustees have considered the environmental, social and governance rating for each fund/indirect 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 Trustees may also consider reports provided by other external ratings providers.

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

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

The Trustees recognise that engagement and voting policies, practices, and reporting, will continue to evolve over time and are supportive of their indirect investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

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

Investment manager	Engagement policy
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf
Nordea Asset Management	https://www.nordea.lu/documents/static-links/NIM_AB_Engagement_Policy.pdf/
M&G Investment Management	https://www.mandg.com/~/media/Files/M/MandG-Plc/documents/mandg-investments-policies/2023/mginv-engagement-policy-06-23.pdf

Information on a selection of the most significant votes for each of the funds containing public equities is shown below. These were selected based on size of holding as a % of the fund as at the date of the vote.

LGIM Global (ex UK) Fixed Weights Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Novartis AG	Amazon.com, Inc.
Date of Vote	07/12/2023	07/03/2023	24/05/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.1	0.8	0.8
Summary of the resolution	Resolution 1.06 - Elect Director Satya Nadella	Resolution 8.1 - Reelect Joerg Reinhardt as Director and Board Chair	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps

How the fund manager voted	Against	Against	For (Against Management Recommendation)
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is 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.	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.	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	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.	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believes cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a

			better company, economy and society.
Outcome of the vote	94.4% (Pass)	94.9% (Pass)	29% (Fail)
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is assessed to be "most significant"	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manages on their behalf.	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manages on their behalf.

LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Shell Plc	BP Plc	Glencore Plc
Date of Vote	23/05/2023	27/04/2023	26/05/2023
Approximate size of fund's	3.5	1.9	1.3

holding as at the date of the vote (as % of portfolio)			
Summary of the resolution	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 4 - Re-elect Helge Lund as Director	Resolution 19: Shareholder resolution “Resolution in Respect of the Next Climate Action Transition Plan”
How the fund manager voted	Against (against management recommendation)	Against (against management recommendation)	For (Against Management Recommendation)
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is 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.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is 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.	LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting.
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company’s leadership in pursuing	Governance: A vote against is applied due to governance and board accountability concerns. Given the revision of the company’s oil production targets, shareholders expect to be given the opportunity to vote on	In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company’s planned thermal coal production aligns with global demand for thermal coal

	low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	the company's amended climate transition strategy at the 2023 AGM. Additionally, LGIM note concerns around the governance processes leading to the decision to implement such amendments.	under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following LGIM's multi-year discussions with the company since 2016 on its approach to the energy transition.
Outcome of the vote	80% (Pass)	90.4% (Pass)	29.2% (Fail)
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is assessed to be "most significant"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM	High Profile Meeting and Engagement: LGIM consider this vote to be significant given their long-standing engagement with the company on the issue of climate.	Pre-declaration and Engagement: LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change.

	votes against the transition plan.		

Nordea Diversified Return Fund	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Alphabet	Mastercard Incorporated
Date of Vote	07/12/2023	02/06/2023	27/06/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.5	4.8	1.5
Summary of the resolution	Report on Risks of Operating in Countries with Significant Human Rights Concerns	Report on Lobbying Payments and Policy, Report on Framework to Assess Company Lobbying Alignment with Climate Goals etc.	Political Lobbying Disclosure (shareholder proposal)
How the fund manager voted	For	AGAINST management	FOR shareholder proposal
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	No	No	Nordea will share their concern with the Chairman of the Board.
Rationale for the voting decision	Nordea voted for the shareholder proposal since increased disclosure regarding how the company is managing human rights-related risks in high-risk countries	At the Alphabet AGM Nordea supported a number of shareholder proposals, besides Report on managing risks related to data collection, privacy and	Nordea voted for the shareholder proposal as they believe additional disclosure of the company's direct and indirect lobbying-related expenditures would

	helps investors in their assessment of the company.	security, such as Report on physical risks of climate change, Report on climate lobbying and Report on steps to improve racial and gender Board diversity. Management voting recommendation was against on all these proposals. The dominant position of Google, its impact on society and integrity of individuals is very important for Nordea as investors.	help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.
Outcome of the vote	AGAINST (but 33.5% votes FOR)	AGAINST	AGAINST
Implications of the outcome	Nordea will continue to support shareholder proposals on this issue as long as it is needed.	Nordea will continue to support shareholder proposals on these issues as long as the company is not showing substantial improvements.	Nordea will continue to support shareholder proposals on this issue as long as it is needed.
Criteria on which the vote is assessed to be “most significant”	Significant votes for Nordea are those that are severely against Nordea’s principles, and where they feel they need to enact change in the company.		

Information on a selection of the most significant engagement case studies for LGIM as a company for the funds containing public equities or bonds as at 31 December 2022 (latest available) 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)
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 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	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. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's	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 LGIM's 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: 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

	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). UN SDG 13: Climate action	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). UN SDG 13: Climate action	pay employees less than the living wage. iii) LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees. iv) In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern. 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. UN SDG 8: Decent work and economic growth
What the investment manager has done	LGIM has been engaging with Exxon Mobil since 2016 and they have participated willingly in LGIM's discussions and meetings. Under their Climate Impact Pledge, LGIM identified a number of initial areas for concerns, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack if integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities. 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 LGIM's opinion, which has	LGIM has been engaging with BP on climate change or a number of years, during the course of which LGIM has seen many actions taken regarding climate change mitigation. 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	Sainsbury's has recently come under scrutiny for not paying a real living wage. LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London. LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements 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

	resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with LGIM's 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. Levels of individual typically engaged with include lead independent director,	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. Levels of director typically engaged with include the chair, the CEO, head of sustainability, and investor relations.	outer) to the real living wage. LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, there are still some who are excluded. This group comprises contracted cleaners and security guards, who fulfil essential functions in helping the business to operate safely. Levels of individual typically engaged with include the Chair, the CEO, and head of investor relations.

	investor relations, director and CFO.		
Outcomes and next steps	Since 2021, LGIM has 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.

Information on the most significant engagement case studies for Nordea as a company for the funds containing public equities or bonds as at 31 December 2022 (latest available) is shown below:

Nordea - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Waste Management	Colgate-Palmolive	Nestlé
Topic	Environment - Climate	Climate Strategy	Environment - Regenerative agriculture
Rationale	Waste Management (WM) is North America’s largest comprehensive waste management environmental solutions provider. The company, through its subsidiaries, provides collection, recycling and disposal services to millions of residential, commercial, industrial and municipal customers throughout the U.S. and Canada. WM has the largest disposal network and collection fleet in North America, is the largest recycler of post-consumer materials and is the leader in beneficial reuse of landfill gas, with a growing network of renewable natural gas plants in North America. Due the nature of WM’s business, the company has a relatively large carbon footprint.	Nordea had an engagement call with John Faucher (IR) , Hope Spiller (IR - Sustainability), Vance Merolla (VP Sustainability, former environmental consulting group manager for the URS Corporation), Ann Tracy (CO). The main aim was to discuss the findings of a report published from Planet Tracker, which states that Colgate is allegedly on a +3 degrees pathway – a conclusion which goes at odds with the 1.5 degree approved targets from SBTi. Nordea also touched upon their collaborative engagements on their supply chain carbon reduction ambitions.	Nestle S.A. is a multinational packaged food company, that manufactures and markets a wide range of food products. The Company's product line includes prepared dishes, milk, confectionery, bottled water, coffee, food seasoning and pet foods. Nestle continues to be a holding with an impact intensive business model and is therefore one of Nordea’s long term engagements. Nordea previously pushed the company specifically to improve traceability in its deforestation-linked supply chain on which Nestlé has made improvements in the last years. After having set a target of 100% traceability for its primary supply chains for meat, palm oil, soy and sugar for 2022 and for cocoa and coffee for 2025, Nestlé just recently

	Nordea Asset Management is a founding member and signatory of the Net Zero Asset Managers ("NZAM") initiative, a global coalition of asset managers working for the achievement of net-zero greenhouse gas emissions by 2050, and adopted a historic set of climate targets to support this ambition. For companies in high carbon emitting sectors such as waste management Nordea Asset Management engages to understand their decarbonisation strategy, and they have been in dialogue with WM since 2019. .		reported that they are at 99.1% and on track for their 2025 traceability target. Nestle is now at a point where improved technology, e.g. satellite monitoring as well as improved management of anti-deforestation initiatives and deforestation related controversies pays off.
What the investment manager has done	The waste management sector is among the largest emitting source of carbon dioxide, but also methane globally. When Nordea initiated the dialogue with WM in 2019 they were interested in climate and environmental data reported according to TCFD. In Q1 2022, Nordea's engagement with WM demonstrated visible improvements in	Colgate representatives expressed their disagreement with planet trackers assessment and reiterated their goal to align with 1.5 degree by 2040 and believe they are the only consumer products company with this level of ambition approved by SBTi. The target has been approved a year ago, so they are in the	While it has improved its supply chain traceability substantially in recent years, Nordea started engaging Nestlé in 2021 on its regenerative agriculture practices, a topic that should get more attention from investors and policy makers due to its tremendous importance for the achievement of global climate and

	regard to their recycling ambition as well as their decarbonisation strategies. The purpose of this follow-up engagement was to receive a status update on WM's emissions initiatives, and reporting. Furthermore, deep dive into their methane emissions management, and gain insights into the company's forward looking objectives. And lastly, to further encourage the implementation of ESG incentivisation schemes within the company.	early days of that journey (i.e., they still need to define how to reach it). They gave Nordea two reasons why the analysis is inaccurate: 1.The model can only be as good as the inputs that feed it and Planet Tracker has worked with publicly available data to make estimates on their progress. Colgate assumes that Planet Tracker assessed their emissions based on CDP data while the boundaries for their SBT are different (some Scope 3 categories are out). While Colgate set the baseline for SBT at 10 million metric tons CO2, Planet Tracker has used 50 million metric tons CO2 as a reference. SBTi is the gold standard so the model might be right but the conclusion of the analysis does not match their commitment and does not capture their trajectory well. 2.Planet Tracker has gone back to 2017 to measure progress while the base year for their SBT is 2020 which has skewed the results. Data has improved a lot since	biodiversity targets as well as improving livelihoods of farmers. Nestlé currently targets sourcing 20% of its key ingredients through regenerative agriculture methods by 2025 and 50% by 2030. It is scaling and rolling-out its regenerative agriculture practices as regenerative sourcing currently accounts only for 6.8% of total ingredient sourcing. Given that regenerative agriculture – when well done – can improve climate-, biodiversity- as well as social outcomes and reduces the company's diverse risks in these areas, Nordea welcome that Nestlé is resourcing the topic sufficiently, but expect and push for further improvements. Nordea discussed regenerative practices in Nestlé's different high impact segments (coffee, cocoa, soy, dairy) with their dedicated experts and the IR office and received updates on the scale, the challenges in each segment and how it affects yields for farmers.

		2017, even though the GHG Protocol remains the same, the quality of measurement has changed. In 2017, Colgate did not have all the data on their suppliers, whereas in 2020 they reported on packaging, agricultural inputs, etc. Thus, Scope 3 has become much higher. That being said, the company has expressed their ambition to engage with Planet Tracker in regard to the assessment in the near future to discuss their concerns. Lastly, Colgate has been engaging with their suppliers to reduce Scope 3 emissions since 2020. While the 50% increase in Scope 3 emissions from suppliers that Planet Tracker has noticed is related to the change in scope, there has also been an increase in the data reported due to their suppliers improving their GHG inventory.	
Outcomes and next steps	Nordea’s engagement with WM has given them further insights	The engagement reaffirms Nordea’s climate assessment	The engagement provides Nordea with necessary detail on

	on how the company is progressively addressing their environmental footprint and they see ongoing improvements within the company’s ESG aspects. In particular, WM has finalised their sustainability goals last fall. In particular, SBT is currently reviewing their 2032 (FY2031) reduction target of 42% in scope 1 and 2 emissions. Furthermore, WM states that rigorous discussions are currently taking place at board level and between senior executives to integrate sustainability into compensation plans. WM aims to incentivise sustainability within five dimensions; climate, circularity, safety, representation, and social impact, whilst avoiding complexity. From their discussion, Nordea can expect something to be designed by the end of the year, keeping in mind that KPIs of WM’s sustainable business units (e.g., landfill gas to energy) – already part of the compensation – are	on Colgate having a reasonable decarbonization strategy. Furthermore, the engagement has also sheds light on the misalignment between Planet Tracker and SBTi, which is something that Nordea need to take into consideration.	the importance of regenerative agriculture practices and enables them to better compare Nestlé to its peers while pushing for progress on a few key metrics. Improving its track record on GHG emissions, protecting biodiversity and ensuring yields for farmers are not obscure ideas. Regenerative agriculture can deliver these improvements partly. Put simply, nature and farmers underpin our lives and Nestlé’s business. Nestlé is aware of the economic imperative and also expects increased attention from policy makers, investors as well as end-consumers. Where the regulator has not clearly defined regenerative agriculture, it is Nordea’s expectation to Nestlé that it will be ambitious in its own definition of the term and that it will continue making defendable claims towards regenerative agriculture in absence of clear standardisation. Nestlé actively responds to investor views, so Nordea

	actually sustainability metrics. For example, volumes of gas captured are inversely tied to emissions reduction KPIs. In light of WM not having a scope 3 target, the company stated scope 3 emissions only represent 14% of the overall footprint, which is very little compared to most companies which are setting net zero targets. Thus, scope 3 targets are not WM's main focus. That being said, reducing emissions is interconnected to improving landfill management and landfill gas capture but at the moment it is technologically not possible to capture 100% of fugitive emissions. WM plans to review opportunities and levers to reduce fugitive emissions from landfill. In light of the company's recent CDP score downgrade, Nordea sees that WM has been penalised by an increase in GHG emissions. WM states that this is partly due to the acquisition of Advanced Disposal		have a good chance of effectively advocating for changes and higher ambition on this key topic. Nordea will be in touch again shortly with Nestlé.

and the integration of their emissions to their carbon footprint. However, WM expects to see improvement next year with approval of science based targets and an increase in renewable energy use – 50% of last year's electricity usage in direct operations will be covered by renewable energy, up from 20% in previous years.

In terms of Methane emissions data collection and reporting, WM uses an industry aligned model to model the emissions profile of their landfills. The GHG emissions breakdown (with methane) is included in their CDP report, rather than in their ESG report. Interestingly, WM plans to measure methane emissions by 2025 instead of modelling them. At the moment, they are testing different technologies (more than 100 sites already equipped with direct surface monitoring and satellites), layering them on top of each other to define the most accurate. WM expect the measured emissions to be lower than modelled emissions because the model assumes 20% fugitive emissions while they actually capture more than that (collection efficiency > model). Although in early stages, WM is learning from agriculture and O&G industries on how to best measure and monitor. Of the 80% of methane emissions that are not modelled, ~55% of methane is flared on site, whereas ~45% is directed to a renewable natural gas or a renewable electricity facility.

Lastly, in regards to labour related topics, 2022 has been a year where WM has experienced stabilisation of turnover. They are working on attracting and retaining workers, especially frontline workers. In 2021, they had proactively made a market wage adjustment ahead of peers. Consequently, high inflation in 2022/2023 has positioned them to become an employer of choice. Due to this proactive step, no adjustment is currently needed. In

	addition, the company has seen a stabilisation in turnover. According to WM, improved turnover rates combined with automation at recycling facilities helped a lot to improve on safety metrics and performance.	