Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report)

Introduction

The Trustees of the Minteq UK Pension Plan (the 'Plan') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies set out in the Statement of Investment Principles ("the SIP") signed August 2021 on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 5 April 2023. Please note the Trustees are in the process of updating their SIP to reflect recently agreed changes to investment strategy and to reflect latest guidance from the Department for Work and Pensions. This statement also describes the voting behaviour by, or on behalf of, the Trustees. This statement does not cover Additional Voluntary Contributions ('AVCs').

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific Plan policies. They expect that their investment managers make decisions based on assessments about the 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 Plan's performance) over an appropriate time horizon.

The Trustees have decided not to explicitly take non-financial matters into account when considering their policy objectives. The Trustees may take members' preferences into account if they consider it appropriate to do so.

Stewardship - monitoring and engagement

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

The Trustees' 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 to Mobius (the investment platform provider) and the investment consultant detailing their voting activity. The Trustees have taken corporate governance policies into account when appointing and reviewing investment managers.

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

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
Baillie Gifford	Yes	Yes
Legal & General Investment Management	Yes	Yes
Nordea Asset Management	Yes	Yes

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

The Trustees' also delegate responsibility for engaging and monitoring investee companies to the investment managers and expect the 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.

Investment manager engagement policies

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

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

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

Engagement	**LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged**	**LGIM Global Equity (ex UK) Fixed Weights Equity Index Fund**	**LGIM MAAA Diversified Fund**	**Baillie Gifford Diversified Growth Fund**	**Nordea Diversified Return 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.			Any form of communication with a company with one of the following 3 objectives: Fact- find, Influencing, Assessing.	Engagement is the next step of being an active owner and is a crucial component of our Responsible Investment philosophy and framework.
Number of companies engaged with over the year	466	266	690	38	65
Number of engagements over the year	726	423	979	60	100

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

Exercising rights and responsibilities

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

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

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

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

Exercising rights and responsibilities (continued)

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

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

The latest available information provided by the investment managers are as follows:

Voting behaviour	LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged	LGIM Global Equity (ex UK) Fixed Weights Equity Index Fund	LGIM MAAA Diversified Fund	Baillie Gifford Diversified Growth Fund	Nordea Diversified Return Fund
Period	01/04/2022 – 31/03/2023				
Number of meetings eligible to vote at	3,197	2,295	9,541	97	197
Number of resolutions eligible to vote on	41,099	28,736	99,252	1,061	2,391
Proportion of votes cast	99.8%	99.8%	99.8%	97.9%	98.8%
Proportion of votes for management	81.9%	76.8%	77.4%	95.8%	84.2%
Proportion of votes against management	18.0%	23.0%	21.9%	3.3%	14.1%
Proportion of resolutions abstained from voting on	0.1%	0.2%	0.7%	1.0%	1.7%

Figures may not sum due to rounding.

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

Trustees' assessment

When receiving updates from its managers the Trustees have considered the investment managers' policies relating to engagement and voting and how they have been implemented. Over the period the Trustees have found these to be acceptable at the current time.

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

Following the end of the reporting period, the Trustees appointed Insight to manage a Maturing Buy and Maintain credit portfolio. Buck's favourable assessment of Insight's ESG credentials (three leaves out of four, reflecting a strong commitment to ESG activities) formed part of the selection process.

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

Investment manager	Engagement Policy (or suitable alternative)
Baillie Gifford	https://www.bailliegifford.com/en/global/all-users/literature-library/corporate-governance/our-stewardship-approach-esg-principles-and-guidelines/
CT	https://docs.columbiathreadneedle.com/documents/Responsible%20Investment%20-%20Engagement%20policy%20and%20approach.pdf?inline=true
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf
Nordea	https://www.nordea.lu/documents/engagement-policy/EP_eng_INT.pdf/

Appendix 2

Information on the most significant votes LGIM, Baillie Gifford and Nordea participated in during the year ending 31 March 2023 is shown below.

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged	**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 as at date of vote)	3.42%	1.54%	1.33%
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 3 - Approve Net Zero - From Ambition to Action Report	Resolution 17 - Approve Climate Action Plan
How the fund manager voted	Against	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	Voted in line with management	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned about the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.	Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
Outcome of the vote (in favour of resolution outcome)	79.9%	88.5%	84.3%
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
Criteria on which the vote is assessed to be "most significant"	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

LGIM Global Equity (ex UK) Fixed Weights Equity Index Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Amazon.com, Inc.	LVMH Moet Hennessy Louis Vuitton SE	Novartis AG
Date of vote	25 May 2022	21 April 2022	7 March 2022
Approximate size of fund’s holding (% of portfolio as at date of vote)	0.92%	0.91%	0.81%
Summary of the resolution	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 5 - Reelect Bernard Arnault as Director	Resolution 8.1 - Reelect Joerg Reinhardt as Director and Board Chair
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
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.	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.
Outcome of the vote (in favour of resolution outcome)	93.3%	92.0%	N/A (Outcome of vote not provided by manager)
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be “most significant”	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

LGIM MAAA Diversified Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Prologis, Inc.	Union Pacific Corporation	NextEra Energy, Inc.
Date of vote	5 May 2022	12 May 2022	19 May 2022
Approximate size of fund's holding (% of portfolio as at date of vote)	0.37%	0.36%	0.34%
Summary of the resolution	Resolution 1a - Elect Director Hamid R. Moghadam	Resolution 1e - Elect Director Lance M. Fritz	Resolution 1j - Elect Director Rudy E. Schupp
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
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. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of the vote (in favour of resolution outcome)	92.9%	91.7%	85.9%
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 our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

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Baillie Gifford Diversified Growth Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	CBRE Group, Inc.	Leg Immobilien SE	Fraport Ag Frankfurt Airport Services Worldwide
Date of Vote	18 May 2022	19 May 2022	24 May 2022
Approximate size of fund’s holding as at the date of the vote (as % of portfolio as at date of vote)	6.22%	2.01%	5.07%
Summary of the resolution	Shareholder Resolution - Governance	Remuneration	Remuneration
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	No	No	No
Rationale for the voting decision	We opposed a shareholder resolution to lower the threshold for shareholders to call a special meeting as we consider that the existing threshold is appropriate.	We opposed the executive compensation policy as we do not believe the performance conditions are sufficiently stretching.	We opposed the resolution to approve the remuneration report because the company exercised discretion to amend the performance conditions attached to the 2018 LTIP, which we do not believe to be in the best interest of shareholders.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	We opposed the shareholder resolution to lower the ownership threshold to call a special meeting as we were comfortable with the current 25% threshold in place and do not believe that lowering it would be reasonable. Ahead of voting, we had an engagement call with the company to discuss the proposed agenda. We were satisfied to learn about the company's efforts to engage with their holders, including the proponent, who according to the company, did not have any particular concerns over CBRE but backs a lower threshold out of principle. We intend to follow up with the company later in a year to speak about governance developments.	Following our vote decision, we have reached out to the company to let them know about our dissent on remuneration and set out our expectation on pay.	We took the decision to oppose the remuneration report due to the committee’s decision to make in-flight adjustments to the 2018 LTIP. We understand that for FY2021, the committee adjusted target EPS to be negative, a change that led to the 2021 tranche achieving 150% of target. We believe that further discretion should have been exercised when determining this tranche of the award given the negative EPS performance during the year. Additionally, we note that under the relative total shareholder return (TSR) metric in the LTIP, threshold vesting occurs at 25% below index average. While we believe the metric itself to be sensible, we do not believe incentive pay should start paying out at below median performance as this gives potential for reward for underperformance. We encouraged the board to revise this condition to ensure that no vesting occurs below median performance.
Criteria on which the vote is assessed to be “most significant”	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because we opposed remuneration.	This resolution is significant because we opposed remuneration.

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

Nordea Diversified Return Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Johnson & Johnson	Microsoft Corporation	Monster Beverage
Date of Vote	28 April 2022	13 December 2022	14 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio as at the date of vote)	2.88%	3.61%	1.3%
Summary of the resolution	Report on government financial support and access to COVID-19 vaccines and therapeutics (shareholder proposal).	Report on tax transparency.	Report on GHG emission reduction targets aligned with the Paris Agreement goal.
How the fund manager voted	For	For	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	No	No	No
Rationale for the voting decision	Nordea think reporting on the impact of public funding on the company's pricing and access plans would allow shareholders to better assess the company's management of related risks.	Nordea voted for the shareholder proposal as the proposed GRI Tax Standard would enhance the company's transparency in communicating its tax practices to investors globally.	Nordea think that additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks.
Outcome of the vote	Against	Against	Against
Implications of the outcome	We will continue to support shareholder proposals on this issue as long as it is needed.	We will continue to support shareholder proposals on this issue as long as it is needed	We will continue to support shareholder proposals on this issue as long as the company is not showing substantial improvements.
Criteria on which the vote is assessed to be "most significant"	Significant votes are those that are severely against our principles, and where we feel we need to enact change in the company.		

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

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

LGIM	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, we 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, we believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under our Climate Impact Pledge, we publish our minimum expectations for companies in 20 climate-critical sectors. We select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in our 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. Our 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	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 our focus on this company for in-depth engagements. As members of the CA100+ we commit to engaging with a certain number of companies on their focus list and on account of our strong relationship with BP, we lead the CA100+ engagements with them. At LGIM, we believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under our Climate Impact Pledge, we publish our minimum expectations for companies in 20 climate-critical sectors. We select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in our 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. Our 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	Ensuring companies take account of the 'employee voice' and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of our stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, our work on income inequality and our expectations of companies regarding the living wage have acquired a new level of urgency. 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) We expect the company board to challenge decisions to pay employees less than the living wage. iii) We 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, we went a step further by tightening our 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

LGIM	Case Study 1	Case Study 2	Case Study 3
What the investment manager has done	We have been engaging with Exxon Mobil since 2016 and they have participated willingly in our discussions and meetings. Under our Climate Impact Pledge, we 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. Our regular engagements with Exxon Mobil have focused on our 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, we placed Exxon Mobil on our Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as we considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, our engagement with the company continues. In terms of further voting activity, in 2022 we supported two climate-related shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting our continued wish for the company to take sufficient action on climate change in line with our minimum expectations. Levels of individual typically engaged with include lead independent director, investor relations, director and CFO.	We have been engaging with BP on climate change for a number of years, during the course of which we have 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. Our 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. We met with BP several times during 2022. In BP's 2022 AGM, we 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.	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. We 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, we 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. We 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.
Outcomes and next steps	Since 2021, we have seen notable improvements from Exxon Mobil regarding our 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 we require further improvements, including inclusion of Scope 3 emissions in their targets, and improving the level of ambition regarding interim targets. We are also seeking further transparency on their lobbying activities. The company remains on our divestment list (for relevant funds), but our engagement with them continues.	We will continue engaging with BP on climate change, strategy and related governance topics. Following the company's decision to revise their oil production targets, we met with the company several times in early 2023 to discuss our 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. We welcome these actions which demonstrate the value the board places on its workforce. We have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

Information on the most significant engagement case studies for Baillie Gifford as a company for the funds containing public equities as at 31 December 2022 is shown below:

Baillie Gifford Diversified Growth Fund	**Case Study 1**	**Case Study 2**	**Case Study 3**
Name of entity engaged with	Rexford Industrial Realty	MP Materials Corporation	Iberdrola
Topic	Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)	Sustainability	Environment - Climate change
Rationale	Rexford Industrial Realty is a logistics and industrial warehousing provider concentrating on the Southern Californian market. Objective: We met with the CFO of Rexford, Laura Clark, to hear her thoughts on the current market environment and what this means for the company's strategy. The main objective of the engagement was to find out more about its decarbonisation plan, physical risk exposure and adaptation planning alongside broader sustainability discussions.	MP Materials Corporation engages in the ownership and operation of integrated rare earth mining and processing facilities - the company delivers approximately 15% of the global rare earth supply with a long-term focus on Neodymium-Praseodymium, a crucial input to the green energy revolution. Miners can prove divisive on sustainability grounds, but given MP Materials role in the transition to a greener future, we continually engage to ensure the company is doing all it can to aid that transition. Objective: We arranged this meeting with the IR to find out more about the company’s approach to sustainability as there is very little public environmental and social disclosure with no disclosed commitments to improve.	Iberdrola is an electricity generation and transmission company headquartered in Spain. It operates in the renewable energy sector, as well as wholesale electricity and gas markets. Objective: Iberdrola has been set as an engagement priority due to being a top five contributor to portfolio carbon emissions, a number of environmental controversies having been identified and historical concerns remaining regarding relations with indigenous communities related to a Brazilian dam project. The purpose of this meeting was to gain insight into how the company monitors and manages sustainability risk and advise the company of our expectations regarding the management of such risks.

What the investment manager has done	Discussion: This meeting was attended by our Property specialist analyst. We kicked off the meeting with a couple of economically-focused questions, principally around the group's thoughts on how a rising cost of capital impacts the strategy. Laura was keen to underline that management recognises a change and adapts accordingly without shifting the strategy. Pivoting to ESG, we talked through the ESG management structure, which Laura leads. She is very much the intellectual author of the ESG strategy at Rexford. In her previous role, she set up the ESG capability at Regency Centres, having proactively identified the need and was keen to do the same at Rexford. Eighteen months ago, the company created the	Discussion: This meeting was attended by one of our lead Fund Managers and ESG personnel. Given the materiality of certain environmental and social issues to the industry, we were pleased to learn that the company is currently working on its inaugural sustainability report, supported by an external consultant, and following a sustainability consultation with some of the company's key stakeholders. Although early in its sustainability journey, we were left with the impression that there is a willingness for the company to learn, to improve existing sustainability credentials and use this as a means by which to extend competitive advantage.	Discussion: This meeting was attended by one of our lead Fund Managers and ESG personnel and covered various governance, social and environmental topics. First, we discussed the critical aspects of its sustainability report and the group's risk management approach. Our controversy monitoring made us aware of a number of contentious issues in Mexico relating to the environmental impact of operations. This conversation helped us to understand the challenges faced by the company in this environment with them highlighting that the concerns raised were driven by political challenges in the country. Strategically, the group are looking to reallocate CAPEX to other countries but has no plans to exit Mexico.

Baillie Gifford Diversified Growth Fund	**Case Study 1**	**Case Study 2**	**Case Study 3**
	role of Director of Sustainability, who has a dual reporting line to the CFO and the Head of Construction (reflective of the nature of the role in a property business). Rexford anticipates hiring more dedicated ESG resources as the scope of work expands, and the business grows. We addressed its environmental management as a material issue for the real estate sector. We discussed its progress towards setting science-based targets, GHG emissions disclosures and cooperation with its tenant base, which is required to quantify and address scope 3 emissions. Given its total portfolio exposure to California, the need to further understand physical climate risk exposure and adaptation planning was an important priority for us. The incorporation of this into its TCFD reporting provides valuable transparency. Its tenants are not heavy water users, which is scarce in its region of operation. The deployment of 'cool roofs' passively reduces ambient temperatures and the need for air conditioning to offset the impact of increasing temperatures.		The company has recently decreased its ambition for renewable energy source capacity. We heard what drove this decision and were able to gauge the company's continued commitment to electrification. Its capital allocation plans remain similar, but it claims it will be more selective in its renewable investments.
Outcomes and next steps	Outcome: This engagement helped us to communicate and assess priority sustainability topics. The discussion enhanced our knowledge and added context to Rexford's reporting. We were encouraged to hear spot-check audits have been conducted to help monitor compliance with its supply chain code. As management found areas for improvement following this, we are keen to continue the conversation to ensure these gaps are fully addressed. We updated the milestone and priority engagement tracker. When we next meet management, we will ask about further progress to SBTi target setting and improvements to supplier code compliance. Further discussions on remuneration with our voting analyst can be arranged to understand how we can best engage on this in the US market.	Outcome: Following this engagement, we updated our proprietary ESG materiality assessment of the company and identified a number of ESG milestones to monitor, which included the timely publication of a credible sustainability report. We were encouraged by their commitment to disclosure and transparency. The company has since published the sustainability report and we were in further contact to encourage them to include greater disclosure on their monitoring of scope 3 emissions, and to make explicit any ambitions for future emission reduction targets.	Outcome: This ESG-focused engagement enabled us to better understand how Iberdrola is managing its sustainability risks. It also gave us the opportunity to share what matters to us and our clients, namely good disclosure practices and credible sustainability goals. We updated the milestones tracker and noted a follow-up with the company to continue discussions.

Engagement Policy Implementation Statement for the year ending 5 April 2023 (forming part of the Trustees' Report) (continued)

Information on the most significant engagement case studies for Nordea as a company for the funds containing public equities as at 31 March 2023 is shown below:

Nordea Diversified Return Fund	**Case Study 1**	**Case Study 2**	**Case Study 3**
Name of entity engaged with	Waste Management	Wuxi Lead Intelligent Equipment Co Ltd.	Nestlé
Topic	Environment - Climate	Environment - Climate	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 to the nature of WM's business, the company has a relatively large carbon footprint. 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 we have been in dialogue with WM since 2019.	Wuxi Lead Intelligent Equipment Co Ltd is a manufacturer of high-tech equipment and solution. It engages in the development, design, production and sale of high-end automation equipment, battery modules, laser equipment, etc., as well as smart-manufacturing solution for EV manufacturers. Its customers include many renowned names in the EV industry, e.g. CATL, BYD, Volkswagen, BMW, etc. The company is also a leading high-tech enterprise recognised by the Ministry of Science & Technology of China. Wuxi Lead's product supports the "green transition" of various industries, e.g. EV, renewable energy, 3C, logistics, etc., by providing intelligent manufacturing solution with the aim to increase technological capability, resource and energy-efficiency. The company currently does not have a high ESG rating from data providers, mainly due to the fact that it lacks English disclosure regarding ESG issues. Additionally, although the company performs better in energy-intensity versus industry peers, it still lacks a concrete decarbonisation plan. The engagement is therefore, focused on establishing bilingual disclosure that is in line with international standards, as well as its decarbonisation plan for the near and long-term future.	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 our long term engagements. We 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 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 we initiated the dialogue with WM in 2019 we were interested in climate and environmental data reported according to TCFD. In Q1 2022, our engagement with WM demonstrated visible improvements in 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	We met with Wuxi Lead's IR and Board Secretary at its HQ in China. Although Wuxi Lead has not publicly announced any climate targets, they told us that they have internal targets on emissions - to reduce 15% of total emission by 2025 (using 2019 as baseline). The company in fact achieved 75% of this target in 2021, by increasing the usage of hydrogen power and energy storage in production facility. They are therefore in the process of reviewing and making	While it has improved its supply chain traceability substantially in recent years, we 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 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

Nordea Diversified Return Fund	**Case Study 1**	**Case Study 2**	**Case Study 3**
	initiatives, and reporting. Furthermore, to deep dive into their methane emissions management, and to gain insights into the company's forward looking objectives. And lastly, to further encourage the implementation of ESG incentivisation schemes within the company.	revised targets in near future, and will announce the targets once ready. Apart from emissions, Wuxi Lead also has targets on waste gas, waste water, etc., which are monitored daily and had no breach in 2022. When asked about emission disclosure, Wuxi Lead said they are calculating scope 1 and 2 emission, using both the CDP (Carbon Disclosure Project) and China's regulatory methodology. However, we noted that their GHG intensity accounting measurement was different from international standard. NAM hence suggested the company align measurement with international practices. NAM also suggested the company to consider installing PVs on the factory's roof to lower the electricity-purchase from the state grid, at the same time to reduce dependence on state grid during peak season. Wuxi Lead currently has an ISO14001 environmental management certificate and has been awarded the "green factory" title by Jiangsu Provincial government in 2022.	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, we welcome that Nestlé is resourcing the topic sufficiently, but expect and push for further improvements. We 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.
Outcomes and next steps	Our engagement with WM has given us further insights on how the company is progressively addressing their environmental footprint and we see ongoing improvements within the company's ESG aspects. In particular, WM has finalised their sustainability goals last fall. In particular, Science Based Targets (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 our discussion, we can expect something to be designed by the end of the year, keeping in mind that KPIs of their sustainable business units (e.g., landfill gas to energy) – already part of the compensation – are 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	Through our dialogue, we noted that Wuxi Lead generally shows willingness to improve on its ESG management. Over the years, we also noted improvement in many areas such as labour management, more R&D effort into clean technology and hydrogen powered smart-manufacturing, as well as supply chain management. We will continue to hold dialogues with the company, and acknowledge that the current low score is a result of a lack of English information. Lastly, we will review the ESG rating based on disclosure information in its first English ESG report in April 2023.	The engagement provides us with necessary detail on the importance of regenerative agriculture practices and enables us to better compare it 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 our 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 we have a good chance of effectively advocating for changes and higher ambition on this key topic. We will be in touch again shortly with Nestlé.

Nordea Diversified Return Fund	**Case Study 1**	**Case Study 2**	**Case Study 3**
	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 Carbon Disclosure Project (CDP) score downgrade, we see that WM has been penalised by an increase in GHG emissions. WM states that this is partly due to the acquisition of Advanced Disposal 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.		