

Q2 2024

Quarterly engagement report

Global engagement to
deliver positive change



Our mission

We aim to use our influence to ensure:



1. Companies integrate environmental, social and governance (ESG) factors into their culture and everyday thinking



2. Markets and regulators create an environment in which good management of ESG factors is valued and supported

In doing so, we seek to fulfil LGIM's purpose: to create a better future through responsible investing.



Our focus

Holding boards to account

To be successful, we believe companies need to have people at the helm who are well-equipped to create resilient long-term growth. We aim to safeguard and enhance our clients' assets by engaging with companies and holding management to account for their decisions. Voting is an important tool in this process, and one which we use extensively.

Creating sustainable value

We believe it is in the interest of all stakeholders for companies to build sustainable business models that are also beneficial to society. We work to ensure companies are well-positioned for sustainable growth, and to prevent market behaviour that destroys long-term value. We engage directly and collaboratively with companies to highlight key challenges and opportunities, and support strategies that can deliver long-term success.

Promoting market resilience

As a long-term investor for our clients, it is essential that markets are able to generate sustainable value. We aim to use our influence and scale to address issues impacting the value of our clients' investments are recognised and appropriately managed. This includes working with key policymakers, such as governments and regulators, and collaborating with asset owners to bring about positive change.

Global Investment Stewardship themes

Our Investment Stewardship activity is structured around six core themes:

- **Climate:** Keeping 1.5°C alive
- **Nature:** Supporting a world that lives in harmony with nature, recognising the economic value of natural capital
- **People:** Improving human capital across the corporate value chain
- **Health:** Safeguarding global health to limit negative consequences for the global economy
- **Governance:** Strengthening accountability to deliver stakeholder value
- **Digitisation:** Establishing minimum standards for how companies manage digitisation-related risks

We believe these themes are financially material to our clients' portfolios, often pose systemic risks and opportunities, and cover areas where we believe LGIM as an asset manager can influence change.

Action and impact

In this edition, we highlight key engagements across our global stewardship themes, with a focus on voting, particularly on management-proposed climate transition plans, and remuneration. We also discuss the Disney proxy fight, summarise our first climate-related shareholder resolution co-filing in Japan, and share climate case studies from our Global Research and Engagement Groups ('GREGs').





Environmental | Society | Governance

ESG: Environment: Climate and Nature Climate



Climate

Climate Impact Pledge: highlights from our 2024 results

At the end of June 2024, we published our Climate Impact Pledge results from our latest cycle of engagement which aims to raise market standards and encourage companies to play their part in achieving the goals of the Paris Agreement. Highlights include:

Quantitative assessment: 5,000+ companies in climate-critical sectors

We communicated with over half of the 5,000+ companies assessed in April 2024, our largest campaign to date

- During the 2024 proxy season, 455 companies were identified as subject to voting sanctions. Of these, 106 were companies in emission-intensive sectors that do not meet our [new baseline expectations](#)¹
- The sectors with the highest proportion of companies lagging our minimum standards were oil and gas, electric utilities and property

Qualitative assessment: 100+ dial-movers

- A further 37 companies were identified as being subject to vote sanctions (down from 43 in 2023), indicating notable progress in the group of companies with which we meet directly
- In addition to 14 companies remaining on our divestment list, we will divest from an additional two companies in certain funds – TJX* and Glencore* – for failing to meet our expectations²
- Although we did not reinstate any companies this year, some have demonstrated good progress, showcased in our 'Improvers list' in the report

You can read the full report, listen to our podcast, access our sector guides and search for companies' Climate Impact Pledge ratings on our dedicated webpage, here: [Climate Impact Pledge | Climate change | LGIM Institutional](#).

In this document, we make mention of a number of companies which issue securities. Where we do this, it is for illustrative purposes only. Reference to a particular company and/or the securities which it issues is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The information does not constitute a recommendation to buy or sell any security. We will flag such narrative with this icon:

1. Voting sanctions apply to companies not meeting minimum standards, in 20 pre-determined climate-critical sectors. Voting sanctions are applied across LGIM's equity holdings.
 2. Companies are divested from selected funds with £176 billion in assets (as at 31 December 2023), including funds in the Future World fund range, LGIM's ESG fund ranges and all auto-enrolment default funds in L&G Workplace Pensions and the L&G Mastertrust. Companies are divested up to a pre-specified tracking-error limit. If the tracking error limit is reached, holdings are reduced rather than fully divested. LGIM's total AUM was £1.159 trillion, LGIM internal data as at 31 December, 2023. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong (2018-2019 only) and LGIM Singapore from July 2023. The AUM includes the value of securities and derivatives positions.

Say on Climate: voting on climate transition plans in 2024

At LGIM, we encourage companies to put forward ambitious and credible climate transition plans to a vote, and have [published our expectations](#) of what we would like to see in order to be able to support them. Our expectations remain consistent and pragmatic, leaving flexibility for companies to design their own strategies for best meeting the requirements of the Paris Agreement.

Our levels of support for management-proposed transition plans have been relatively low: in 2022, we supported 66.7% (32 out of 48) and in 2023, we supported only 64% (9 out of 14). In the oil and gas sector specifically, we have supported only one ‘say on climate’ vote (out of 14 proposals since 2021), which was BP, in 2022.

In order for net zero to become a reality, companies will have to make real, and in some cases significant, changes to their operations. We believe that plans need to be sufficiently ambitious to result in a positive impact upon the environment, while also retaining the credibility of being achievable, both operationally and financially.

Spotlight on the oil and gas sector: TotalEnergies*, Repsol*, Woodside* and Shell*

So far in 2024, four of the major oil and gas companies have put their climate transition plans to a shareholder vote. We were unable to support any of these plans and we published detailed rationales on our vote disclosure website for each. We’ll now summarise some of our main themes, emphasising that we are not dismissive of the progress made by these companies. For Total, for example, we note the good progress the company has made against its emissions targets, coupled with the substantive allocation of capital to low carbon solutions, and we are encouraged by their strong commitments made around renewable capacity growth objectives, methane management, and climate-related disclosure. For Shell, we acknowledge the substantive progress the company has made in respect of climate-related

disclosure over recent years, and we view positively the commitments to reduce emissions from operated assets and oil products, the position taken on tackling methane emissions, and the company’s pledge not to pursue frontier exploration activities beyond 2025.

Nevertheless, we place a very high emphasis on transparency of the actions and plans being made, and disclosure of alignment with commitments to net zero. A crucial aspect of moving from planning to action is this disclosure – we believe that this information is financially material in terms of being able to identify the areas of climate risk and opportunity emerging as companies move along their journey to net zero.

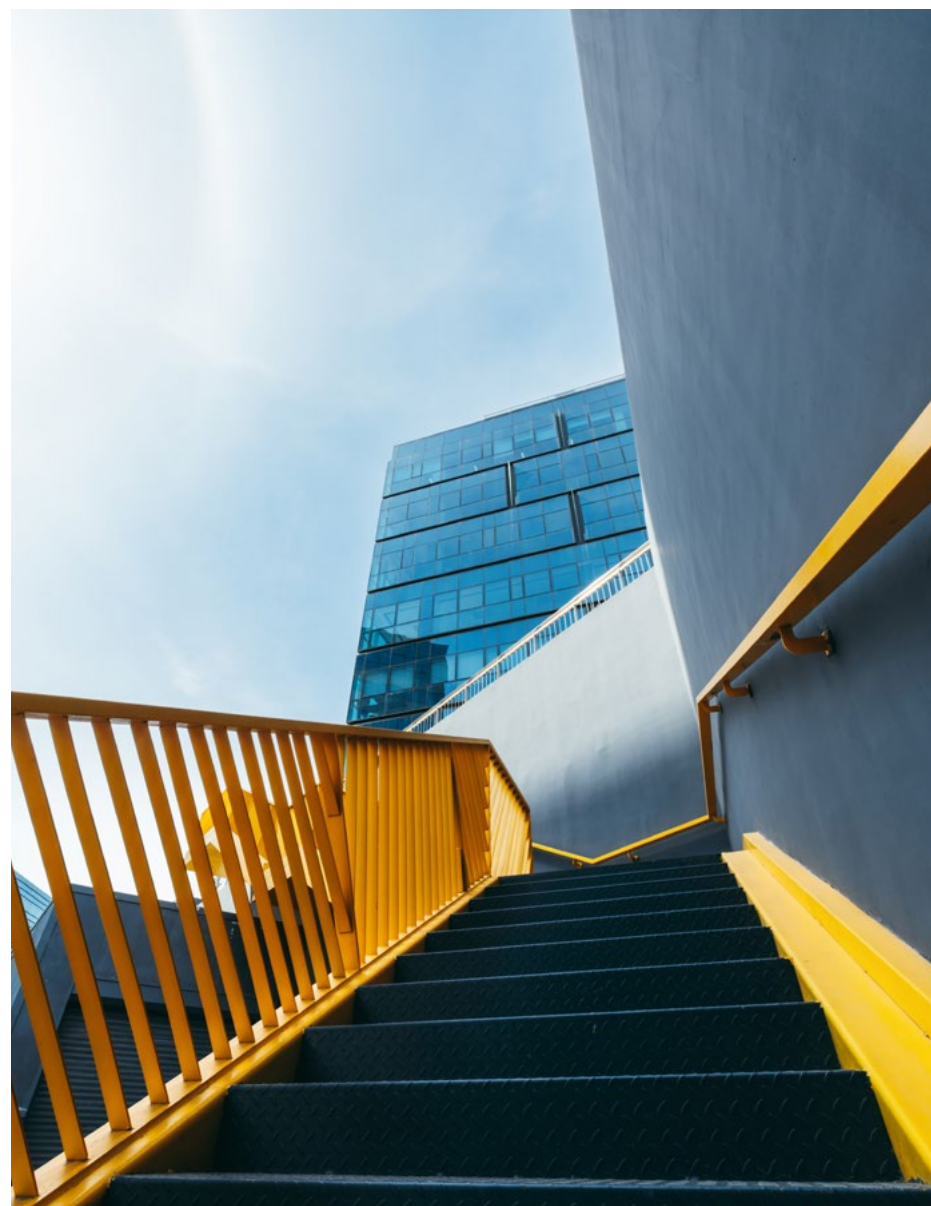
How did LGIM vote?

	AGM date	Resolution and title	LGIM’s vote instruction	Result
Woodside Energy Group Ltd	24 April 2024	6 - Approve Climate Transition Action Plan and 2023 Progress Report	Against	41.6% in favour
Repsol SA	09 May 2024	10 - Advisory Vote on the Company’s Energy Transition Strategy	Against	69.7% in favour
Shell Plc	21 May 2024	22 - Approve the Shell Energy Transition Strategy	Against	78.0% in favour
TotalEnergies SE	24 May 2024	14 - Approve Report on Progress of Company’s Sustainability and Climate Transition Plan	Against	79.7% in favour

The very high level of dissent at Woodside Energy Group is noteworthy. Despite the significant proportion of shareholder votes (49%) against the company's climate report at their 2022 AGM, as well as the re-election of Ian Macfarlane at the 2023 AGM (34.7%)³, no material changes were incorporated in their most recent climate transition plan. We remain concerned about the emissions targets, lack of quantifiable disclosure on climate related risks and the quantum of capital to be allocated to low-carbon solutions. In addition to our vote against resolution 6, we also voted against the re-election of the Chair, in line with our Climate Impact Pledge escalation. Having recently published our updated Climate Impact Pledge, we will shortly be embarking upon our next annual cycle of direct engagement with the companies captured within our 'dial mover' qualitative assessment.

The role of voting within our engagement

Voting is one 'tool' within our overall stewardship escalation structure. Voting consistently and in line with our published policies and views is crucial to our engagement escalation, and a demonstration of our willingness to act in line with our views. As the 2024 AGM results and analyses begin to come through, we will continue to assess and update our expectations, and our policies and engagement on these, to encourage ambition and action from companies, and transparency and consistency from ourselves.



3. Source; ISS, information accessed on 30 June 2024.



Case studies

Nippon Steel*: our first co-filing of a shareholder resolution in Japan

Identify

Nippon Steel Corporation is the largest steel maker in Japan⁴ and one of the largest globally in terms of production. Traditional steelmaking processes are highly carbon intensive, and a shift to green steel will require a policy environment that supports a sufficient supply of low-carbon alternatives. Assessments undertaken by third-party data providers have demonstrated that Nippon Steel lags its peers on climate policy engagement disclosures,⁵ and in 2022 InfluenceMap named Nippon Steel as one of the most influential companies blocking climate policy action globally.⁶

Engage

We have been engaging with Nippon Steel for many years and specifically through our Climate Impact Pledge since early 2022, the same year in which we added the [‘red line’ related to climate-related lobbying](#). The company failed to meet this criterion, so we made it the focus of our engagement with them for 2023, and expanded our engagement to work collaboratively with other investors to increase our influence. Despite several meetings with the company, the disclosures provided so far have not met our expectations.

Escalate

Given the significant role that Nippon Steel Corporation has in influencing Japanese policy, as well as LGIM’s intention to [increase focus on demand-side engagement](#), we co-filed, together with the Australasian Centre for Corporate Responsibility (‘ACCR’), a shareholder proposal asking the company to:

Disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally, including its own direct lobbying and industry association memberships, and review these for alignment with the Company’s goal of carbon neutrality by 2050 and explain the actions it will take if these activities are determined to be misaligned.⁷

Next steps

We were pleased to see that our shareholder resolution (Resolution 8) achieved 27.98% support, sending a strong message to the company’s board that investors expect greater transparency on climate-related policy engagement activity. This was also one of the highest levels of support recorded⁸ for a climate-related shareholder resolution in Japan.

2024 is pivotal for Japan as the country is scheduled to update its key climate and energy policies. The choices made in the very near future will determine the direction of its mid-term decarbonisation strategy and the results underscore the scale of investor attention on politically influential companies like Nippon Steel. We will continue engaging with the company and expect to see their board address investor expectations and enhance accountability and transparency in its efforts to influence these policies as they take shape.

4. <https://www.nipponsteel.com/en/company/whoweare/#:~:text=With%20manufacturing%20bases%20in%20Japan,the%20world's%20leading%20steel%20producers>

5. <https://www.climateaction100.org/company/nippon-steel-corporation/>

6. <https://influencemap.org/report/Japanese-and-South-Korean-Steel-Sector-Climate-Policy-18077>

7. [Global asset managers back shareholder proposals urging Nippon Steel to lead on steel decarbonisation and climate lobbying - ACCR](#)

8. [Nippon Steel: shareholders deliver Japan's largest ever vote in support of climate lobbying resolution - ACCR as at 25 June 2024](#)



Case studies GREGs FOCUS: Anglo American*

Rationale for the engagement

The engagement was focused on restructuring the company’s portfolio to focus on copper and high-grade iron ore, specifically:

- To clarify the value proposition from Anglo’s portfolio of world-class assets by simplifying and focusing on commodities which will most benefit from the energy transition while reducing exposure to commodities with uncertain long-term demand; and
- To support the growth of the copper business by strengthening the balance sheet through asset disposals.

What LGIM did

LGIM first presented ideas around portfolio restructuring to Anglo American in April 2024. However, days later, and before the proposal could be circulated to the management team more broadly, BHP* made an offer to buy Anglo American. LGIM determined that the offer did not constitute good value for money for shareholders and threatened to slow down the pace of copper growth globally. This view was communicated publicly through several newspaper articles,⁹ as well as senior executives from BHP and Anglo American.

LGIM was subsequently consulted by Anglo American on its defence strategy multiple times, with five meetings with senior management and board members during what is known as the “put up or shut up” period.¹⁰

On 14 May 2024, Anglo American announced its intention to significantly restructure its portfolio by exiting its platinum, diamond, metallurgical coal and nickel businesses and pausing investment in its Woodsmith mine.¹¹ Later that month, the board announced it



had refused BHP’s offer.¹² The portfolio restructuring is expected to take between 18 and 24 months to complete.

Outcome and next steps

The outcome of this engagement so far has been a powerful, collaborative relationship with management and the board, with a willingness to continue conversations on further, more granular topics related to the energy transition.

We will continue to monitor progress on the portfolio re-structuring decisions while continuing to engage on operational excellence, the company’s decarbonisation of its own emissions and its low-carbon ventures business.

9. [BHP plans £31bn bid for Anglo American but attracts ire from South Africa and shareholders \(ft.com\)](#)

10. [Put up or shut up \(PUSU\) Definition | Legal Glossary | LexisNexis](#)

11. [News updates from May 14: Anglo American to break itself up; Powell hints at rates staying high \(ft.com\)](#)

12. [Anglo American response to BHP announcement and rejection of request for PUSU extension | Anglo American](#)

GREGs FOCUS: Housing Associations: the EPC challenge

Identify

All housing associations (HAs) within the UK will be required to have all stock at a minimum of Energy Performance Certificate ('EPC') C by 2030,¹³ a demand that is and will continue to put a strain on the already stretched budgets of housing associations. These cost pressures are already having an impact on the credit ratings of the associations, with the average currently sitting at A/A- in comparison to AA/A+ six years ago. As management decisions and board quality become the centre of attention to whether the impending storm, we have become increasingly concerned that we are, and will only be, told what management want to tell.

Engage

We embarked on a three-part project with the intention of improving visibility into both managements level of preparation and the extent of each associations challenge, nudge the laggards in the field to do more in the area and improve the depth of analysis used in our relative value calculations.

Stage 1:

- Beginning at the end of 2022, we sent engagement questionnaires to 36 HAs within our coverage, asking for information around their stock age distributions, the proportion of their stock currently in each of the EPC brackets and any budgets they had in place to tackle EPC upgrades.
- We utilised the information sent to identify any potential threats to balance sheet and cashflow quality, as well as the companies with the biggest challenge ahead.

Stage 2:

- This consisted of continued communication with 25 companies that participated in stage one, to determine any public goals disclosed regarding their expected timeline for upgrades, plans for any stock that will not be upgraded and funding plans.
- We also attempted to re-engage with those who did not participate in round one, noting some of the themes we uncovered and highlighting the importance of them following their peers' examples of getting involved.
- The results of this stage allowed us to paint a better picture of the management and the importance they are assigning to the topic, as well as how they are leading their company to succeed in meeting the demands imposed on them.

Stage 3:

- Following completion of stage 2, we sought to consolidate the information gathered and combine it with some relative financials to understand where each housing association is positioned in relation to the sector.
- The results of this analysis then fed into the relative value assigned to the company.

Next steps

We intend to maintain communication with each of the housing associations, tracking their progress towards reaching the goal by 2030. Considering we believe that this will be a critical differentiator between associations in the near to medium term, we will continue to update our ratings in this area and utilise it in our relative value analysis process.

13. [How new EPC ratings impact landlords and commercial buildings \(goughs.co.uk\)](https://www.goughs.co.uk). Information accessed on 19 July 2024.



Nature Natural Capital Management: Asia Stock Exchanges campaign bulletin

Background:

Within our [Nature Framework](#) our Natural Capital Management sub-theme captures our efforts to strengthen how companies understand and disclose their risks and opportunities that result from their impact and dependencies on nature.

This should improve accessibility of quality, consistent, and comparable data on nature, reflecting Target 15 of the Kunming-Montreal Global Biodiversity Framework, requiring businesses and financial institutions to regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on nature.¹⁴

Objective:

To initiate constructive dialogue on the adoption of The Taskforce on Nature-related Financial Disclosures (TNFD) reporting requirements, in order to accelerate global action on tackling nature change.

Why Stock Exchanges?

Stock exchanges have a critical role in the integration and disclosure of corporate nature-related risks and opportunities, impacts and dependencies.



Why Asia?

[Recent research](#) from the Asia Investor Group on Climate Change (AIGCC) and PwC has highlighted that Asia Pacific's economies are particularly vulnerable to nature-related risks, including biodiversity loss, pollution, and freshwater availability¹⁵. Across Asia, many globally critical sensitive environments must be safeguarded, and investors do not yet have access to standardised nature-related disclosure of companies with operations and supply chains in these regions.

Engagement targets:

- Stock Exchange of Hong Kong, HKEX
- Singapore Stock Exchange, SGX
- Bursa Malaysia
- Stock Exchange of Thailand

Next steps:

We are encouraging these exchanges to align with the targets and goals of the Kunming-Montreal Global Biodiversity Framework and to set clear recommendations within disclosure expectations and listing rules during 2025. Having written to these four exchanges in the second quarter, we are commencing dialogue as responses are received.

14. [Target 15 \(cbd.int\)](#)

15. 53%, or US\$18 trillion, of APAC's Gross Value Add (GVA) is in economic sectors that are moderately or highly directly dependent on nature. This includes reliance on fertile soils, clean water, pollination, and climate stability, all of which are in serious decline in many parts of the region.

Deforestation campaign

What are our deforestation expectations?

We expect companies in 'deforestation-critical' sectors¹⁶ with exposure to forest-risk commodities¹⁷ within our portfolios, for which we have data to have:

- A public deforestation policy
- A programme of actions to deliver on that policy¹⁸

We also assess how robust the policies and plans are, including whether there is a commitment to zero deforestation exposure; inclusion of targets related to deforestation management; and development and adoption of traceability systems.¹⁹

How did we engage?

Continuing our deforestation campaign from 2023,²⁰ we wrote to companies again in April 2024 to inform them of our deforestation assessment results and potential sanctions.

Through our Climate Impact Pledge, we engaged through our written campaign with half of the 5,000+ companies assessed quantitatively, and also directly with several 'dial-mover' companies in sectors where deforestation is critical, such as apparel, food, and forestry.

What did our engagement cover?

The letters outlined:

- A call to action to implement appropriate policies and programmes, along with recommended actions²¹ outlined in our [deforestation policy](#);

- Encouragement to engage with data providers such as Sustainalytics, CDP, Forest500, SPOTT, Trase
- Referencing the [Accountability Framework](#) as a potentially useful guidance

Results:

- **Number of companies identified for sanctions: 119**

We will vote against the re-election of the chair of these companies' boards where possible, at companies lagging our minimum expectations. The highest proportion of companies subject to deforestation vote sanctions are in the packaged foods and meats, food retail and restaurants sub-industries. China, the US and Japan had the highest proportion of companies subject to vote sanctions (18%, 14% and 13%, respectively).

Through our Climate Impact Pledge, we added TJX* to our divestment²² list for lack of a deforestation policy, among other climate concerns.

Next steps:

We will soon review our deforestation policy. We will continue our engagement and refine our deforestation assessment approach by exploring different data providers. In addition to our LGIM-led engagements, we will continue our collaborative engagements. Having reviewed the list of focus companies for the Financial Sector Deforestation Action group, we will look to continue to lead and support engagements. We participated in the quarterly signatory meeting, following which the FSDA published its updated [FSDA Progress report](#).

16. See reference 3.

17. Commodities covered include: palm oil, soy, cattle products (beef and leather), and timber products (forestry, pulp and paper).

18. As assessed by Sustainalytics, using its criteria. Companies in selected sectors, where we have data, scoring 0 on either deforestation policy or programme will receive a vote against.

19. We currently use data from Sustainalytics in these assessments, using its criteria.

20. For a summary, please see p.51: [Active ownership: 2023 \(lgim.com\)](#)

21. We expect companies to implement actions such as appropriate governance, traceability, and due diligence practices on suppliers and operations, and to report on progress as outlined in page 9 of our [Deforestation Policy](#).

22. Companies are divested from selected funds with £176 billion in assets (as at 31 December 2023), including funds in the Future World fund range, LGIM's ESG fund ranges, and all auto-enrolment default funds in L&G Workplace Pensions and the L&G Mastertrust. Companies are divested up to a pre-specified tracking-error limit. If the tracking error limit is reached, holdings are reduced rather than fully divested

Chicago Nature Roundtable

Following the publication of our [Nature Framework](#), we held a small Nature Stewardship Roundtable with local stakeholders in our Chicago office. The objective was to connect with Chicago-based stakeholders to discuss investors' nature-related priorities, ideas and challenges around implementation, and opportunities to advance shared goals. The event included a mix of NGOs, asset owners, asset managers, and consultants.

Our discussion revealed that investors' approaches to nature are at varying degrees of maturity. Many participants are at a nascent stage in terms of developing an approach for how nature is integrated into their stewardship actions or other sustainability-related priorities.

Shared challenges were discussed on the topic of data quality and constraints that companies experience in making initial progress on addressing nature-related risks and impacts, including which stakeholder(s) should be responsible for financing such efforts.

Stakeholder input through events such as these is valuable in terms of assessing our own position, and how we can collaborate efficiently to overcome some of the common challenges to progress on our global themes.



Company name	Chevron Corporation*
ISIN	US1667641005
Market cap	US\$287.4 billion (source: ISS, 28 June 2024)
Sector	Energy: Oil, gas and consumable fuels
Issue identified	<p>Chevron and Phillips 66 jointly own Chevron Phillips Chemical Co. (CP Chem), one of the top 20 producers of plastic resins bound for single-use applications (4.6 million tons), which results in 1.8 million tons of plastic waste, according to a recent analysis by Minderoo Foundation. Recent reports²³ concur that the current rate of expansion of virgin plastic production is unsustainable, and production cuts in plastic use are necessary.</p> <p>Brands that use resins manufactured by companies like CP Chem are calling for reductions, notable through the Business Coalition for a Global Plastics Treaty.</p>
Summary of the resolution	<p>Resolution 5 – Report on Reduced Plastics Demand Impact on Financial Assumptions</p> <p>AGM, 29 May 2024</p>
How LGIM voted	FOR Resolution 5 (i.e. against management recommendation)
Rationale for the vote decision	<p>While we acknowledge the company’s disclosure on this topic within its Climate Risk Report, we believe that additional transparency would allow shareholders to better assess the company’s management of its plastics-related financial risks.</p> <p>We therefore voted in favour of Resolution 5.</p>
Outcome	22.2% voted in favour of the proposal.
Why is this vote ‘significant’?	<p>The circular economy is a key component of LGIM’s approach to nature, as set out in our nature framework, and we believe solving plastic pollution is critical in a ‘just transition’ to net zero and to creating nature-positive economies.</p>

23. [Plastic pollution is growing relentlessly as waste management and recycling fall short, says OECD](#)





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People and Health

Income inequality: the living wage

Last Income inequality is one of the key human rights issues that LGIM is focused on, and is captured within the 'People' theme of our engagement activities, and within our [Human Rights Policy](#). We believe the impact of income inequality and in-work poverty on workforce productivity, and the knock-on effect on demand for goods and services, is of significant concern. The negative impact of income inequality on the economy has been estimated to potentially reduce GDP by US\$4.56 trillion annually.

Co-filing 3 shareholder resolutions

Shareholder resolutions are part of our engagement strategy. We have different 'levers' we can pull to escalate an issue and we use different tools depending on the company, market and topic that needs addressing. Shareholder resolutions can also help to raise board awareness of an issue that is important to their shareholders.

We saw an opportunity to raise awareness of living wages and filed/co-filed a shareholder resolution at three large US food retailers, where the concept of a living wage and its negative impact on workers, productivity and the economy could be described as less of a focus than, for example, in the UK. The resolution called on the companies to introduce a policy on living wages and highlighted the potential negative impact to asset owners with diversified portfolios. We published a blog to highlight our concerns. Given the market in which the resolution was proposed, we were pleased with 17% shareholder support achieved at one company.

Progress on LGIM's Income Inequality Engagement Campaign

In 2023, LGIM launched a campaign calling on 15 companies (across the UK, the US, Japan, Europe and Australia) to set out a policy and a time-bound plan to pay employees within operations a living wage, and to work with their supply chain partners to ensure workers can earn a living wage. LGIM has been engaging with many of these companies since the launch of this campaign. We would like to highlight two companies for their progress:

- We congratulate Coles Group*, an Australian food retailer that has just instituted a revised [Human Rights Strategy](#) in which the company acknowledges living wages as a material issue, and plans to carry out an assessment on living wage gaps in their supply chain. Coles will then set a timebound plan to close those gaps
- We also congratulate Sainsbury's plc*, a UK food retailer, for being one of two food retailers whose work has been recognised as closing the living wage gap within the banana supply chain.²⁴ This was announced at the recent [IDH living wage conference](#) in Amsterdam that LGIM attended

Looking ahead

We plan to expand our living wage campaign to include 12 companies in the apparel sector.

24. [Sainsbury's invests in living wages for banana workers | The Grocer](#)



Company name	Restaurant Brands International Inc*
ISIN	CA76131D1033
Market cap	US\$22 billion (Source: ISS, 01 July 2024)
Sector	Retail - Restaurants
Issue identified	Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, as set out in our Health Policy . We consider AMR to be a systemic risk.
Summary of the resolution	Resolution 7 – Comply with World Health Organization Guidelines on Antimicrobial Use Throughout Supply Chains AGM, 06 June 2024
How LGIM voted	For Resolution 7 (i.e. against management recommendation)
Rationale for the vote decision	Resolution 7 asks the company to comply with WHO guidelines on the use of medically important antimicrobials in food-producing animals throughout companies' supply chains. Our Health Policy states our expectation that companies within the restaurant/out-of-home sector (e.g. fast-food companies) should require all their meat suppliers to comply with the WHO guidelines. Globally, most antibiotics are used not for humans, but for animals. The overuse of antibiotics is known to exacerbate AMR. ²⁵ We expect them to be transparent about their AMR strategy, the actions taken to implement it, and steps taken to monitor implementation. We are therefore supporting this resolution.
Outcome	11.6% shareholders voted in favour
Why is this vote 'significant'?	This vote is significant as it relates to a key component of our 'Health' theme, antimicrobial resistance. Our Health Policy sets out our expectations and provides further detail on the financial materiality of this issue. LGIM Health policy

25. Antimicrobial resistance (who.int)



Case studies

McDonald's*: AMR shareholder resolution

Identify

Antimicrobial resistance ('AMR') is the damaging effect of disease causing microorganisms (e.g. bacteria, viruses, fungi and parasites) increasing their resistance to antibiotics. AMR is one of our global systemic engagement themes. The World Health Organization (WHO) describes AMR as one of the top 10 global public health threats facing humanity today.²⁶ The World Bank estimated in 2016 that AMR could result in a 3.8% loss in global GDP, an impact comparable to that of the 2008 financial crisis.²⁷

McDonald's is one of the largest beef purchasers and a major buyer of pork;²⁸ we believe that animal husbandry standards across their supply chain have the potential not only to mitigate AMR directly across large sections of the value chain, but also to have a 'knock-on' impact upon the food sector more broadly, on account of the company's scale and influence.

Engage

Regular readers will have kept up to date with our direct engagement activities with McDonald's and the pressure we have been putting on the company since 2021 to adopt stricter policies on use of antibiotics across their supply chain.

We co-filed a shareholder resolution at the company in 2023, under the umbrella of the Shareholder Commons, asking McDonald's to comply with World Health Organization (WHO) guidelines on the use of medically-important antimicrobials in food-producing animals throughout its supply chain. The resolution sought adherence to the WHO guidelines throughout the full supply chain, including beef, chicken and pork. This resolution gained 18% support from shareholders.

Following a lack of action by McDonald's, we co-filed the same resolution in their 2024 AGM, together with our industry peer Amundi and The Shareholder Commons. However, our 2024 resolution was subject to a 'no-action' ruling by the SEC, a mechanism by which the company is allowed to unilaterally remove proposals from its proxy statement if they are judged to have already substantially implemented the resolution demand. We were disappointed by both the step taken and the decision announced, as we believe that McDonald's should be adhering to the WHO Guidelines on use of antibiotics across all the meat that they produce, not just certain types of meat.

Escalate

The Benedictine Sisters of Boerne, Texas, successfully filed their AMR-related resolution calling upon the company to adopt an enterprise-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains. We voted in favour of this resolution, which received 15% votes in favour.²⁹

We have broadened our collaborative engagement by joining FAIRR's collaborative investor engagement on [Antibiotic Use in the Quick-Service Restaurant Sector in North America](#). This engagement stream covers fast-food restaurant companies, including McDonald's, Yum! Brands* (owner of KFC and Pizza Hut), and Restaurant Brands International* (owner of Burger King). By working with like-minded peers and stakeholders, we aim to broaden our engagement on the issue of antimicrobial resistance with companies that, we believe, could have a substantial effect in mitigating AMR by changing their supply chain practices. We will continue to exercise our votes on AMR-related shareholder resolutions in line with our [Health Policy](#); the significant vote on Restaurant Brands International highlighted in this report is an example.

26. [Antimicrobial resistance \(who.int\)](#)

27. [By 2050, drug-resistant infections could cause global economic damage on par with 2008 financial crisis \(worldbank.org\)](#)

28. [Responsible Sourcing \(mcdonalds.com\)](#)

29. Source: ISS, July 2024

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ESG: Governance

International Ethics Standards Board for Accountants (IESBA)

Our Japan Head of Investment Stewardship was invited to a meeting in Tokyo with the chair of IESBA and other representatives from across the financial services industry to discuss the draft IESBA Code.

The IESBA is an independent global standard-setting organisation. Through their Code, they aim to promote ethical behaviour and increase public trust in financial and non-financial information, improving the functioning and sustainability of organisations, economies and markets around the world.³⁰

The meeting was attended by various representatives and peers from the financial services industry, and the agenda included topics such as the reliability of sustainability-related information, particularly that which is forward-looking, and that related to Scope 3 emissions. The discussion also covered areas such as firm culture and governance.

This was an opportunity to provide direct feedback in the active consultations inputting into the draft IESBA Code, which plays a pivotal role in setting standards for ethical behaviour in markets, and in sustainability reporting. Comments from the various meetings happening around the world will be collated and analysed by the relevant IESB workstreams.

30. Paraphrased from the IESBA's website, here: [About IESBA | Ethics Board](#)



Significant votes: Remuneration Focus

Company name	London Stock Exchange Group Plc*
ISIN	GB00B0SWJX34
Market cap	£49.9 billion (Source: LONDON STOCK EXCHANGE GROUP PLC LSEG Stock London Stock Exchange , 01 July 2024)
Sector	Financials: Capital markets
Issue identified	In 2023, the debate around UK executive pay competitiveness gathered pace. Companies, investors and various government bodies have provided feedback and weighed up the divergent viewpoints of various stakeholders in the UK capital market. We believe that our pay principles and voting policies allow the necessary flexibility to facilitate effective discussion with remuneration committees in implementing the pay structures best suited for their companies' strategies. To provide further clarity and assurance, we have made minor updates to our UK Executive Pay Principles .
Summary of the resolution	4 - Approve Remuneration Policy AGM, 25 April 2024
How LGIM voted	FOR Resolution 4 (in line with management recommendation)
Rationale for the vote decision	A vote FOR was applied. This decision followed productive consultation with the company that resulted in improvements to the proposals initially discussed. Our support of the remuneration policy and the adoption of the Executive Incentive Plan ('EIP') is in recognition of David Schwimmer's leadership in driving the company's performance, as well as acknowledging the competitive talent market in which the company operates. We will review Mr Schwimmer's pay package on an annual basis under the resolution for approval of the remuneration report and may apply a negative vote in the future, should we consider that his pay no longer reflects company performance or evolving market norms. We would not expect any significant changes to the executive directors' pay policy within this three-year policy term. It is worth highlighting that we expect a successor to Mr Schwimmer should not automatically be awarded the same remuneration package as standard, if he or she does not bring the same amount of experience, calibre and performance. We would also note that we supported resolutions 3 (to approve the remuneration report) and 20 (to approve the EIP), in line with this rationale.
Outcome	89.0% votes were in favour of the resolution.
Why is this vote 'significant'?	We consider this vote to be significant as we overrode our custom vote policy on the basis of the engagement that we had with the company.

Company name	Deutsche Bank AG*
ISIN	D18190898
Market cap	US\$31.9 billion (source: ISS, 01 July 2024)
Sector	Financials: Financial services
Issue identified	We believe executive compensation should be set at an appropriate level to drive positive corporate behaviour and performance, and promote long-term shareholder alignment. Our principles on executive compensation are based on 'pay for performance'.
Summary of the resolution	6 - Approve Remuneration Report AGM, 16 May 2024
How LGIM voted	FOR Resolution 6 (i.e. in line with management recommendation)
Rationale for the vote decision	We expect a sufficient proportion of the Long-Term Incentive Plan ('LTIP') to be subject to appropriate performance conditions that are aligned to the company's long-term strategy and measured over a period of at least three years. We have been engaging with the company regularly on its remuneration practices, and are pleased the committee listened to investors in evolving its remuneration structures to ensure that, from 2024, all LTIP awards are measured over a three-year period and do not allow for vesting of incentive awards for below median relative performance.
Outcome	86.8% votes were in favour of the resolution.
Why is this vote 'significant'?	We consider this vote to be significant as it pertains to one of our key stewardship 'sub-themes', executive pay, and is an example of how investor engagements can help companies to better align their pay with performance. Our Global Corporate Governance and Responsible Investment Policy can be found here .

Company name	Tesla, Inc*
ISIN	US88160R1014
Market cap	US\$629.6 billion (Source: ISS, 01 July 2024)
Sector	Automobiles and components
Issue identified	We believe executive compensation should be set at an appropriate level to drive positive corporate behaviour and performance. Our principles on executive compensation are based on 'pay for performance' and in assessing director remuneration, we will look at a number of factors, including structure, awards, transparency, shareholder alignment, discretion and quantum.
Summary of the resolution	4 - Ratify Performance Based Stock Options to Elon Musk AGM, 13 June 2024
How LGIM voted	AGAINST Resolution 4 (i.e. against management recommendation)
Rationale for the vote decision	In re-ratifying the 2018 performance option grant, shareholders have been given a unique opportunity to opine on a granted pay package for a second time, with the full benefit of hindsight in determining if the award was closely aligned with shareholders' interests and if it accomplished the goals the board set out to achieve. Some investors may find the board's argument compelling, that it would be unfair for CEO Elon Musk not to receive the full award, which was previously approved by shareholders, and after achieving the high performance hurdles. However, the concerns raised, both back in 2018 and in the interim, have not been sufficiently mitigated, particularly given that the board has effectively only offered shareholders an "all or nothing" option in this vote. Although the structure of the grant's performance hurdles arguably contributed to, as well as reflect, the company's significant financial growth during the performance period, the total award value remains excessive, even given the company's success. In addition, the grant appeared to have failed to achieve the board's other original objectives of focusing Musk on the interests of Tesla shareholders, as opposed to other business endeavours, and to aligning his financial interests more closely with those of Tesla stockholders. Lastly, there are forward-looking concerns that remain unaddressed, including a lack of clarity on the board's plan for Musk's future compensation programme and the potential for significant economic dilution.
Outcome	76.2% votes were in favour of the resolution.
Why is this vote 'significant'?	We consider this vote to be significant as it pertains to one of our key stewardship 'sub-themes', executive pay. Our Principles on Executive Compensation for North America can be found here .



Disney: 2024 proxy fight

One of the more high-profile activist situations this proxy season was the attempt by both Trian Partners and Blackwells Capital to gain board seats at Walt Disney Co*.

Identify

This was the second time in as many years that Trian Partners, headed by Nelson Peltz, sought seats on the board of Disney. An additional element of interest in the battle that changed the dynamics was the new proxy voting rules of the universal proxy card. This meant that shareholders could vote for a mix of nominees, rather than having to decide between two or more opposing full slates, a management slate and the slates proposed by the dissidents. This also meant that Blackwells Capital, another activist investor in Disney stock, could campaign against Peltz, which had the potential to divide the opposition.

Engage

LGIM had discussions with Disney, as well as with both activist investors, in order that we could make an informed voting decision. We met with the new CFO of the company and explained our concerns that centred around poor CEO succession planning and an unclear strategy. We also met with Nelson Peltz and the three nominees from Blackwells Capital, Jessica Schell, Craig Hatkoff, and Leah Solivan. We did not have the opportunity to meet Jay Rasulo, Trian Partners' second nominee.

Outcome

Following internal discussions, we placed a vote in favour of the election of Nelson Peltz at the proxy contest on 03 April 2024, as we believed that the board would benefit from constructive challenge. Given the seniority and calibre of the current Disney board, we acknowledged that it would take an individual with a certain degree of gravitas to be able to deliver this challenge whilst still working constructively with the board. After consideration, we didn't believe that the Blackwells Capital nominees would be able to bring this challenge and as we had not met Jay Rasulo, we were unable to opine specifically on his strengths of make a full assessment. We also acknowledged the potential for Disney to benefit from Trian Partners' resources with regards to strategy assessment and board succession planning.

As in previous years, we voted against the Chair of the Remuneration Committee due to various concerns with the company's compensation programme.

The results of the AGM indicated that only about 31% of shareholders voted to add Peltz to the Disney board. However, about 37% of shareholders voted to remove the Chair of the Remuneration Committee. There was also some stronger opposition to Michael Froman, Mark Parker and Derica Rice; the Blackwells Capital nominees were each supported by around 2% of shareholders voting.

We have since engaged further with the company to provide additional feedback and we will continue to engage to follow the progression of their board succession planning and strategic refresh.



Regional updates

Global - Q2 2024 voting summary

Management-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (Total)	71094	22570	605	75%	24%	1%
Routine Business	14567	1173	0	93%	7%	0%
Compensation	5232	5405	8	49%	51%	0%
Director Election	28646	10218	465	73%	26%	1%
Audit Related	4940	1083	108	80%	18%	2%
Capitalization	5000	1240	0	80%	20%	0%
Miscellaneous	514	88	0	85%	15%	0%
Non-Routine Business	2108	310	0	87%	13%	0%
Strategic Transactions	1157	586	0	66%	34%	0%
Takeover Related	418	47	0	89%	10%	0%
Company Articles	1784	559	0	76%	24%	0%
Director Related	6332	1586	21	80%	20%	0%
Social	186	63	0	75%	25%	0%
Environmental	13	10	0	57%	43%	0%
E&S Blended	139	2	0	99%	1%	0%
No Research	43	199	3	14%	64%	1%
Mutual Funds	15	1	0	94%	6%	0%

Global - Q2 2024 voting summary

Shareholder-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	1744	754	13	68%	29%	1%
Corporate Governance	65	5	0	93%	7%	0%
Director Election	678	300	13	66%	29%	1%
Miscellaneous	151	59	0	72%	28%	0%
Director Related	163	28	0	85%	15%	0%
Audit Related	272	34	0	89%	11%	0%
Non-Routine Business	26	20	0	57%	43%	0%
Compensation	55	53	0	50%	49%	0%
Company Articles	25	19	0	54%	41%	0%
Social	172	41	0	80%	19%	0%
E&S Blended	34	50	0	40%	59%	0%
Environmental	85	70	0	55%	45%	0%
Routine Business	18	75	0	19%	81%	0%

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	72838	99%
Against	23324	6%
Abstain	618	53%

Number of	Values
Resolutions	97019
AGM Resolutions	93502
EGM Resolutions	3517
AGM	7725
EGM	957
Meetings	8682

Most Popular Resolutions	Number of Resolutions
Elect Director	34648
Accept Financial Statements and Statutory Reports	7232
Ratify Auditors	4225
Elect Director (Cumulative Voting or More Nominees Than Board Seats)	4218
Advisory Vote to Ratify Named Executive Officers' Compensation	3759

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management. We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible. Source: LGIM, as at 30 June 2024.



 UK - Q2 2024 voting summary

Management-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (Total)	5528	366	2	94%	6%	0%
Routine Business	577	3	0	99%	1%	0%
Compensation	409	115	1	78%	22%	0%
Director Election	2305	169	1	93%	7%	0%
Audit Related	627	1	0	100%	0%	0%
Capitalization	1162	53	0	96%	4%	0%
Social	123	0	0	100%	0%	0%
Takeover Related	235	0	0	100%	0%	0%
Director Related	8	1	0	89%	11%	0%
Mutual Funds	15	1	0	94%	6%	0%
Strategic Transactions	26	19	0	58%	42%	0%
Miscellaneous	7	0	0	100%	0%	0%
Environmental	3	3	0	50%	50%	0%
Company Articles	28	1	0	97%	3%	0%
No Research	2	0	0	15%	0%	0%
Non-Routine Business	1	0	0	100%	0%	0%

UK - Q2 2024 voting summary

Shareholder-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	0	3	0	0%	100%	0%
Miscellaneous	0	1	0	0%	100%	0%
Environmental	0	1	0	0%	100%	0%
Social	0	1	0	0%	100%	0%

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	5528	100%
Against	369	2%
Abstain	2	50%

Number of	Values
Resolutions	5910
AGM Resolutions	5834
EGM Resolutions	76
AGM	330
EGM	44
Meetings	374

Most Popular Resolutions	Number of Resolutions
Elect Director	2474
Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights	506
Accept Financial Statements and Statutory Reports	321
Authorize Share Repurchase Program	319
Advisory Vote to Ratify Named Executive Officers' Compensation	314

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management. We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible. Source: LGIM, as at 30 June 2024.



Europe ex UK - Q2 2024 voting summary

Management-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management	15010	4325	33	77%	22%	0%
Routine Business	3771	155	0	96%	4%	0%
Miscellaneous	348	17	0	95%	5%	0%
Compensation	1685	1787	0	49%	51%	0%
Non-Routine Business	217	20	0	92%	8%	0%
Capitalization	1458	268	0	84%	16%	0%
Strategic Transactions	55	12	0	82%	18%	0%
Takeover Related	24	10	0	71%	29%	0%
Director Related	3713	374	6	91%	9%	0%
Audit Related	871	111	1	89%	11%	0%
Company Articles	285	58	0	83%	17%	0%
Social	27	54	0	33%	67%	0%
Director Election	2376	1260	26	65%	34%	1%
Environmental	8	6	0	57%	43%	0%
E&S Blended	133	0	0	100%	0%	0%
No Research	39	193	0	16%	78%	0%

Europe ex UK - Q2 2024 voting summary

Shareholder-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	232	182	0	56%	44%	0%
Miscellaneous	15	44	0	25%	75%	0%
Audit Related	49	27	0	64%	36%	0%
Director Related	93	9	0	91%	9%	0%
Non-Routine Business	0	5	0	0%	100%	0%
Compensation	0	3	0	0%	100%	0%
Environmental	2	6	0	25%	75%	0%
Director Election	68	82	0	45%	55%	0%
Routine Business	0	1	0	0%	100%	0%
Company Articles	4	4	0	50%	50%	0%
Social	0	1	0	0%	100%	0%
E&S Blended	1	0	0	100%	0%	0%

Number of	Values
Resolutions	19797
AGM Resolutions	19311
EGM Resolutions	486
AGM	1130
EGM	91
Meetings	1221

Most Popular Resolutions	Number of Resolutions
Elect Director	2942
Approve Discharge of Supervisory Board Member	1655
Advisory Vote to Ratify Named Executive Officers' Compensation	1077
Accept Financial Statements and Statutory Reports	929
Approve Allocation of Income and Dividends	823

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	15242	100%
Against	4507	9%
Abstain	33	15%

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management.

We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible.
Source: LGIM, as at 30 June 2024.



 North America - Q2 2024 voting summary

Management-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management	15731	10008	152	60%	38%	1%
Director Election	12391	6205	24	66%	33%	0%
Compensation	605	2789	7	18%	82%	0%
Audit Related	1792	836	107	65%	30%	4%
Capitalization	213	58	0	79%	21%	0%
Director Related	368	56	11	85%	13%	3%
Routine Business	87	13	0	87%	13%	0%
Strategic Transactions	45	4	0	92%	8%	0%
Takeover Related	152	23	0	85%	13%	0%
Miscellaneous	8	9	0	47%	53%	0%
Social	4	0	0	100%	0%	0%
Company Articles	58	6	0	91%	9%	0%
E&S Blended	2	2	0	50%	50%	0%
No Research	2	6	3	18%	55%	27%
Environmental	2	0	0	100%	0%	0%
Non-Routine Business	2	1	0	67%	33%	0%

North America - Q2 2024 voting summary

Shareholder-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	445	185	13	64%	27%	2%
Corporate Governance	65	5	0	93%	7%	0%
Director Related	49	10	0	82%	17%	0%
Director Election	16	0	13	22%	0%	18%
Social	169	39	0	80%	19%	0%
E&S Blended	26	50	0	34%	65%	0%
Compensation	25	29	0	45%	53%	0%
Environmental	78	23	0	77%	23%	0%
Non-Routine Business	5	3	0	62%	38%	0%
Miscellaneous	1	7	0	12%	88%	0%
Company Articles	0	12	0	0%	86%	0%
Routine Business	10	7	0	59%	41%	0%
Audit Related	1	0	0	100%	0%	0%

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	16176	97%
Against	10193	2%
Abstain	165	16%

Number of	Values
Resolutions	26697
AGM Resolutions	26326
EGM Resolutions	371
AGM	2724
EGM	55
Meetings	2779

Most Popular Resolutions	Number of Resolutions
Elect Director	18559
Ratify Auditors	2428
Advisory Vote to Ratify Named Executive Officers' Compensation	2301
Amend Omnibus Stock Plan	393
Approve Auditors and Authorize Board to Fix Their Remuneration	283

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management.

We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible. Source: LGIM, as at 30 June 2024.



● Japan - Q2 2024 voting summary

Management-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management	8249	1123	0	88%	12%	0%
Director Election	6570	830	0	89%	11%	0%
Director Related	641	195	0	77%	23%	0%
Routine Business	543	3	0	99%	1%	0%
Audit Related	14	0	0	100%	0%	0%
Strategic Transactions	8	2	0	80%	20%	0%
Company Articles	143	21	0	87%	13%	0%
Compensation	323	55	0	85%	15%	0%
Takeover Related	0	14	0	0%	100%	0%
Capitalization	2	2	0	50%	50%	0%
Non-Routine Business	5	0	0	100%	0%	0%
Miscellaneous	0	1	0	0%	100%	0%

Japan - Q2 2024 voting summary

Shareholder-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	74	179	0	29%	71%	0%
Non-Routine Business	16	12	0	57%	43%	0%
Routine Business	7	67	0	9%	91%	0%
Director Related	8	5	0	62%	38%	0%
Compensation	15	10	0	60%	40%	0%
Environmental	5	40	0	11%	89%	0%
E&S Blended	7	0	0	100%	0%	0%
Director Election	8	43	0	16%	84%	0%
Miscellaneous	4	2	0	67%	33%	0%
Audit Related	1	0	0	100%	0%	0%
Social	3	0	0	100%	0%	0%

Number of	Values
Resolutions	9625
AGM Resolutions	9591
EGM Resolutions	34
AGM	836
EGM	7
Meetings	843

Most Popular Resolutions	Number of Resolutions
Elect Director	7400
Appoint Internal Statutory Auditor(s) [and Approve Auditor's/Auditors' Remuneration]	606
Approve Allocation of Income and Dividends	541
Amend Articles	164
Approve Restricted Stock Plan	138

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	8323	99%
Against	1302	14%
Abstain	0	0%

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management.

We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible.
Source: LGIM, as at 30 June 2024.



Asia Pacific ex Japan - Q2 2024 voting summary

Management-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (total)	21636	5317	121	80%	20%	0%
Routine Business	8193	884	0	90%	10%	0%
Company Articles	902	427	0	68%	32%	0%
Capitalization	1993	830	0	71%	29%	0%
Non-Routine Business	1152	220	0	84%	16%	0%
Audit Related	1438	115	0	93%	7%	0%
Director Election	4357	1167	121	77%	21%	2%
Director Related	771	562	0	58%	42%	0%
Strategic Transactions	943	540	0	64%	36%	0%
Compensation	1750	520	0	77%	23%	0%
Miscellaneous	111	42	0	73%	27%	0%
Takeover Related	7	0	0	100%	0%	0%
Social	19	9	0	68%	32%	0%
Environmental	0	1	0	0%	100%	0%

Asia Pacific ex Japan - Q2 2024 voting summary

Shareholder-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder (total)	880	164	0	84%	16%	0%
Director Election	527	142	0	79%	21%	0%
Director Related	13	4	0	76%	24%	0%
Miscellaneous	124	4	0	97%	3%	0%
Compensation	15	11	0	58%	42%	0%
Company Articles	21	3	0	88%	12%	0%
Audit Related	174	0	0	100%	0%	0%
Non-Routine Business	5	0	0	100%	0%	0%
Routine Business	1	0	0	100%	0%	0%

Number of	Values
Resolutions	28159
AGM Resolutions	26183
EGM Resolutions	1976
AGM	2308
EGM	614
Meetings	2922

Most Popular Resolutions	Number of Resolutions
Accept Financial Statements and Statutory Reports	5587
Elect Director (Cumulative Voting or More Nominees Than Board Seats)	3237
Elect Director	2798
Approve Allocation of Income and Dividends	1678
Approve Remuneration of Directors and/or Committee Members	1666

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	22516	100%
Against	5481	1%
Abstain	121	0%



Rest of World - Q2 2024 voting summary

Management-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Management (total)	4940	1431	297	74%	21%	4%
Director Election	647	587	293	42%	38%	19%
Audit Related	198	20	0	91%	9%	0%
Capitalization	172	29	0	85%	14%	0%
Compensation	460	139	0	77%	23%	0%
Strategic Transactions	80	9	0	90%	10%	0%
Routine Business	1396	115	0	92%	8%	0%
Director Related	831	398	4	67%	32%	0%
Company Articles	368	46	0	89%	11%	0%
Social	13	0	0	100%	0%	0%
Non-Routine Business	731	69	0	91%	9%	0%
Miscellaneous	40	19	0	68%	32%	0%
E&S Blended	4	0	0	100%	0%	0%

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management. We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible. Source: LGIM, as at 30 June 2024.

Rest of World - Q2 2024 voting summary

Shareholder-proposed resolutions:						
Proposal category	Total for	Total against	Total abstentions	For %	Against %	Abstain %
Shareholder	113	41	0	73%	27%	0%
Miscellaneous	7	1	0	88%	12%	0%
Audit Related	47	7	0	87%	13%	0%
Director Election	59	33	0	64%	36%	0%

How LGIM Voted	Number of Votes	% Alignment with Management Recommendations
For	5053	100%
Against	1472	42%
Abstain	297	100%

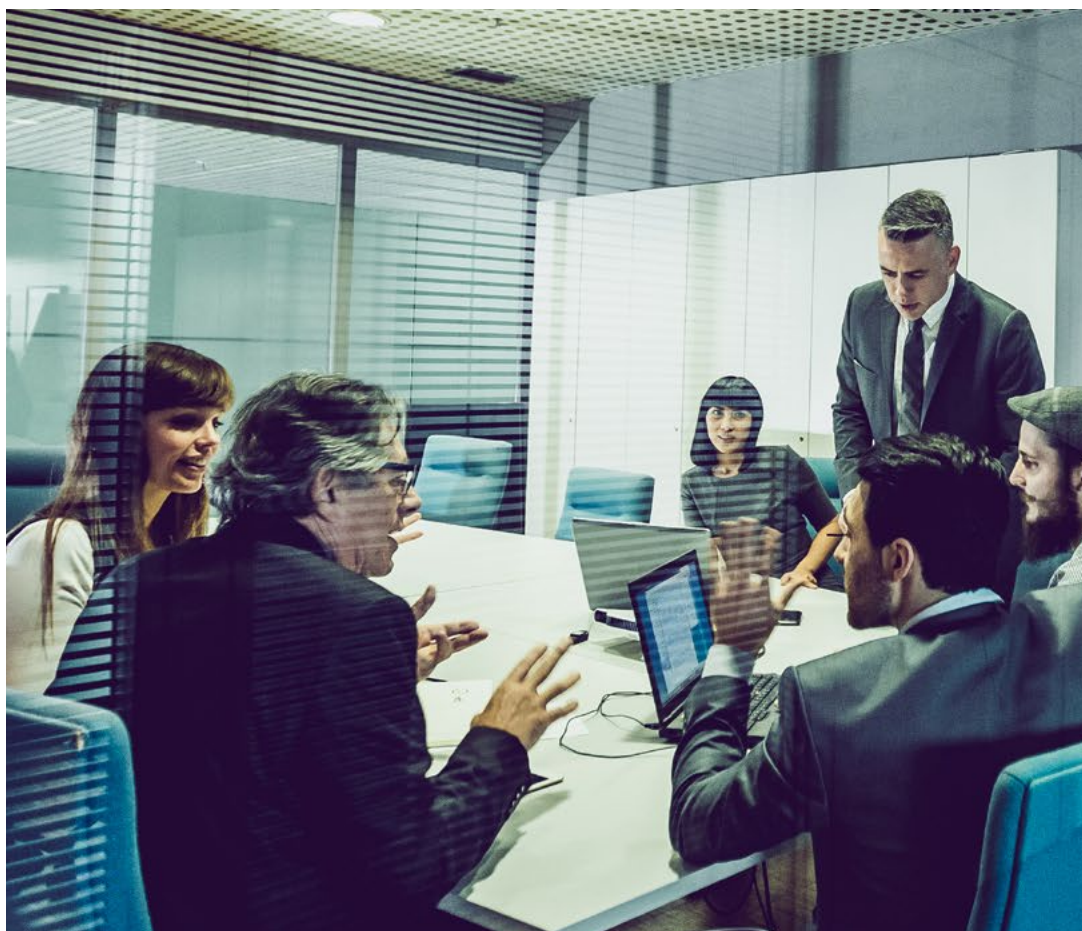
Number of	Values
Resolutions	6831
AGM Resolutions	6257
EGM Resolutions	574
AGM	397
EGM	146
Meetings	543

Most Popular Resolutions	Number of Resolutions
Elect Director (Cumulative Voting or More Nominees Than Board Seats)	968
Approve Transaction with a Related Party	677
Elect Director	475
Receive/Approve Report/ Announcement	404
Approve Remuneration of Directors	352

Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management.

We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible.
Source: LGIM, as at 30 June 2024.

Global engagement summary



In Q2 2024, the Investment Stewardship team held

3,026



engagements

with

2,924



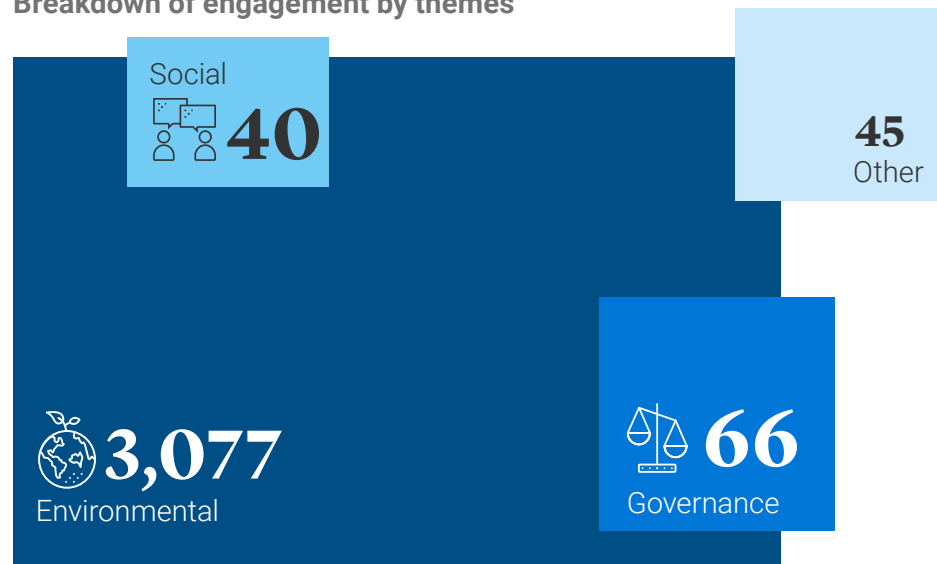
companies

(vs. 193 engagements with 154 companies last quarter)

The significant increase in company engagements versus the previous quarter is attributable to our Climate Impact Pledge letter campaign. More detail about the campaign, its scope and its aims can be found on page 14 of our [2024 Climate Impact Pledge update](#).

Breaking down the engagement numbers - Q2 2024

Breakdown of engagement by themes

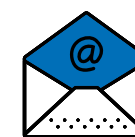


Engagement type



75

Company meetings



2,951

Emails / letters

Top five engagement topics*



2,937

Climate Change



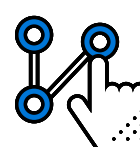
96

Deforestation



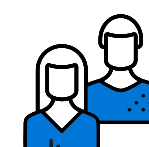
30

Remuneration



30

Strategy

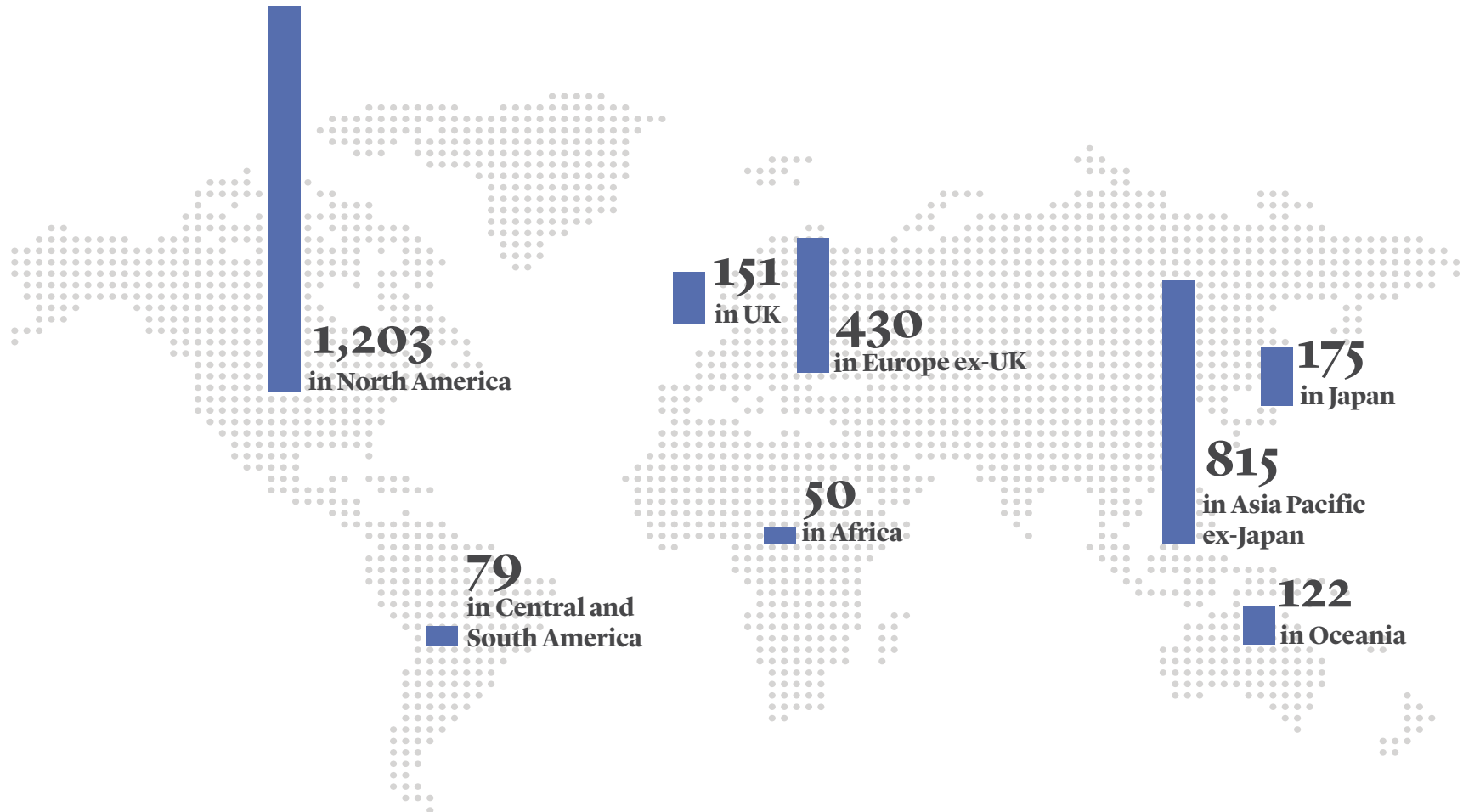


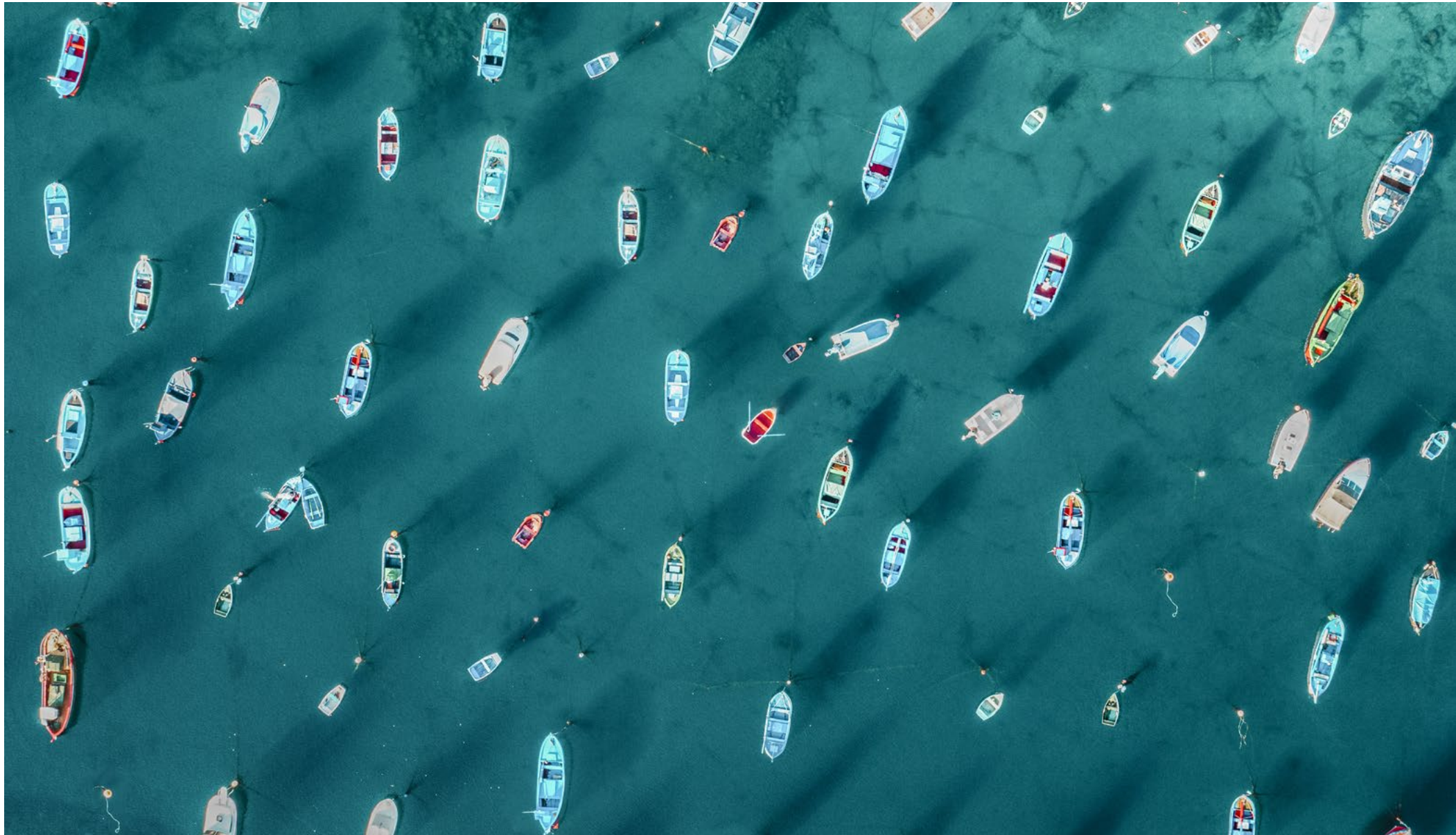
15

Company Disclosure

*Note: an engagement can cover more than a single topic

Regional breakdown of engagements





Contact us

For further information about LGIM, please visit lgim.com or contact your usual LGIM representative



For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security.

Key Risks

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested.

Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security

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