

Engagement Policy Implementation Statement ("EPIS")

Monsanto Pension Plan (the "Plan") Plan Year End – 31 December 2023

The purpose of the EPIS is for us, the Trustee of the Monsanto Pension Plan, to explain what we have done during the year ending 31 December 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan's investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, the Plan's material investment manager Legal and General Investment Management ("LGIM") was able to disclose good evidence of voting and engagement activity, and the activities completed by our manager align with our stewardship expectations.

Trustee's Report (continued)

Engagement Policy Implementation Statement ("EPIS") (continued)

How voting and engagement policies have been followed

The Plan is invested in pooled funds and a segregated fund, and so the responsibility for voting and engagement is delegated to the Plan's investment manager. We reviewed the stewardship activity LGIM carried out over the Plan year and in our view, it was able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Plan's investment manager can be found in the following sections of this report.

Responsible Investment Updates

We had a responsible investment training session with our investment advisor, Aon Investments Limited ("Aon"), which provided us with updates on evolving regulatory requirements and various topics such as biodiversity and net zero. After a separate update from Aon, we also updated our Statement of Investment Principles to reflect new guidance issued by the Department for Work and Pensions in relation to stewardship.

Ongoing Monitoring

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from Aon. In particular, we received ESG ratings from Aon for the funds in which the Plan is invested, where available.

Cost Transparency

On an annual basis, we complete the ClearGlass process allowing the costs incurred by the Plan over the year to be collated and categorised. The process uses an industry standard template which ensures greater transparency in the reporting of costs. This allows us to identify 'hidden costs' not included in the annual management charge and also determine any areas of concern.

Scottish Widows

Scottish Widows are the Plan's selected bulk annuity provider. We consider that Scottish Widows' approach to stewardship is relevant, whilst there is limited capacity to engage with the provider to influence its policies on an ongoing basis. We note that Scottish Widows have made disclosures under TCFD and completed the accompanying climate scenario analysis, however, there was limited evidence of investment decisions resulting from the analysis, and consideration of physical and transition risks was minimal. Scottish Widows is now a UK Stewardship Code signatory and remains a signatory to the Principles for Responsible Investment (PRI), which is a global initiative to promote best practice within Responsible Investment.

The Plan's stewardship policy can be found in the SIP: <https://monsanto.pensions-directory.co.uk/>

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Trustee's Report (continued)

Engagement Policy Implementation Statement ("EPIS") (continued)

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that the investment manager practises in relation to the Plan's investments is an important factor in deciding whether the manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment manager to responsibly exercise its voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Plan's material fund with voting rights for the year to 31 December 2023.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Developed Balanced Factor Equity Index Fund (Hedged and Unhedged)	12,217	99.9%	21.3%	0.1%

Source: Manager. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's manager uses proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Managers	Description of use of proxy voting adviser(s) (in the manager's own words)
Legal & General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses the Institutional Shareholder Services ("ISS") 'ProxyExchange' electronic voting platform to electronically vote [on behalf of] clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: Manager.

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment manager to provide a selection of what they consider to be the most significant votes in relation to the Plan's fund. A sample of the significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material manager. The manager has provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e., is not necessarily specific to the funds invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund level	Firm level	
LGIM - Buy and Maintain	154	Not provided	Environment - Climate Change; Climate Impact Pledge Governance - Remuneration; Board Composition; Nominations & Succession
LGIM - Developed Balanced Factor Equity Index Fund (Hedged and Unhedged)	296	Not provided	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition

Source: Manager.

Data limitations

At the time of writing, LGIM did provide fund level engagement information but not in the industry standard template. Additionally, it did not provide any firm level engagement information.

This report does not include commentary on certain asset classes such as gilts or cash because of the limited materiality of stewardship to these asset classes.

Trustee's Report (continued)

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Appendix – Significant Voting Examples

In the table below are significant vote examples provided by the Plan's manager. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, three of which are outlined in the examples below, in the manager's own words:

LGIM - Dev Bal Factor Equity (Hedged and Unhedged)	Company name	Alphabet Inc.
	Date of vote	2 June 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.7
	Summary of the resolution	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is 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	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.

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	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
LGIM - Dev Bal Factor Equity (Hedged and Unhedged)	Company name	Public Storage
	Date of vote	2 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3
	Summary of the resolution	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is 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	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
LGIM - Dev Bal Factor Equity (Hedged and Unhedged)	Company name	Walmart Inc.
	Date of vote	31 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.8
	Summary of the resolution	Resolution 1e - Elect Director Thomas W. Horton

Trustee's Report (continued)

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	How you voted?	Votes Against Resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is 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	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.
	Outcome of the vote	95.7% in favour
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to 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.
	On which criteria have you assessed this vote to be most significant?	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Source: Manager.