

Engagement Policy Implementation Statement in relation to investments

Introduction

The Trustees of the Moog Retirement Benefits 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 its investment manager.

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) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 30 November 2023. This statement also describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

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

The Trustees also expect their investment manager to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

Stewardship - monitoring and engagement

The Trustees delegate responsibility for engaging and monitoring investee companies to the investment manager and expect the investment manager to use their discretion to maximise financial returns for members and others over the long term.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment manager being a signatory to the United Nations' Principles for Responsible Investment (UN PRI) and the Financial Reporting Council's UK Stewardship Code 2020.

LGIM is a signatory to both and links on their reports can be found here:

LGIM UN PRI 2021 Assessment Report

LGIM FRC UK Stewardship Report 2022

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 acknowledge that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments and gilt investments. As such the Plan's investments in these asset classes are not covered by this engagement policy implementation statement.

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

The Trustees have not set out its own stewardship priorities but follow that of the investment manager..

Engagement Policy Implementation Statement in relation to investments (continued)

Stewardship - monitoring and engagement (continued)

The Trustees will engage with an investment manager should they consider that manager's stewardship policies to be inadequate or if the engagement undertaken is not aligned with the investment manager's own policies, or if the investment manager's policies diverge significantly from the views of the Trustees

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

The Trustees do not hold shares in companies either directly or indirectly and is therefore not expected to exercise voting rights.

Where any rights do emerge, the Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager and to encourage the managers to exercise those rights. Each investment manager is expected to provide regular reports for the Trustees detailing their voting activity.

The Plan's investment consultant has also signed up to the UK Stewardship Code, demonstrating high standards in supporting pension scheme trustees exercise their stewardship responsibilities.

Investment manager engagement policies

The Investment manager is expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment manager engages in dialogue with the companies it invests in and how it exercises any 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 the investment manager's engagement policy or suitable alternative is provided in the Appendix. These policies are publicly available on the investment manager's websites.

The Trustees are comfortable that these policies are broadly in line with the Plan's chosen stewardship approach.

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

Engagement Policy Implementation Statement in relation to investments (continued)

Investment manager engagement policies (continued)

LGIM Active Corporate Bond — All Stocks	
Period	01/10/2022-30/09/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g., company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.
Number of companies engaged with over the year	50
Number of engagements over the year	112

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.

Voting is not possible for the pooled funds in which the Plan invests.

The Trustees have been provided with details of what the investment manager considers to be the most significant engagement case studies during the year ended 31 December 2022 (the latest available) . The Trustees have not influenced the manager's definitions of significant case studies but have reviewed these and are satisfied that they are all reasonable and appropriate.

The Trustees did not communicate with the manager in advance about the engagement activities they considered to be the most significant.

The investment manager publishes online the overall voting and engagement records of the firm on a regular basis.

The investment manager also provides an ESG Report for all funds other than single issue gilt funds, providing climate change, and engagement metrics.

The investment manager uses proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of any voting rights.

Trustees' assessment

The Trustees have, in their opinion, followed the Plan's voting and engagement policies during the year, by continuing to delegate to the investment manager, the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

Engagement Policy Implementation Statement in relation to investments (continued)

Trustees' assessment (continued)

The Trustees have considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This includes those funds that do not hold listed equities.

The Trustees have reviewed the significant engagement behaviour of the investment manager from time to time and believe that this is broadly in line with the investment manager's stated policies.

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

Appendix

Links to the engagement policy for the investment manager can be found here:

Investment manager	Engagement policy	Disclosure statement
Legal & General Investment Management	https://vwww.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-approach-to-corporate-governance-and-responsible-investment.pdf

Information on the most significant engagement case studies LGIM participated in during the year ending 31 December 2022 (latest available) is shown below.

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LGIM - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	ExxonMobil	BP Plc	J Sainsbury Plc
Topic	Environment: Climate change (Climate Impact Pledge)	Environment: Climate change (Climate Impact Pledge)	Social: Income inequality - living wage (diversity, equity, and inclusion)
Rationale	<p>As one of the world's largest public oil and gas companies in the world, LGIM believe that Exxon Mobil's climate policies, actions, disclosures, and net zero transition plans have the potential for significant influence across the industry as a whole, and particularly in the US. At LGIM, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate-critical sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. LGIM's in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must</p>	<p>As one of the largest integrated oil and gas producers in the world, BP has a significant role to play in the global transition to net zero, hence LGIM's focus on this company for in-depth engagements. As members of the CA100+ LGIM commit to engaging with a certain number of companies on their focus list and on account of LGIM's strong relationship with BP, they lead the CA100+ engagements with them. At LGIM, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate- LGIM sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply</p>	<p>Ensuring companies take account of the 'employee voice' and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of LGIM's stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, LGIM's work on income inequality and their expectations of companies regarding the living wage have acquired a new level of urgency. LGIM's expectations of companies:</p> <p>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.</p> <p>ii) LGIM expect the company board to challenge decisions to pay employees less than the living wage.</p>

	<p>overcome. For in-depth engagement companies, those which continue to lag LGIM's minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>UN SDG 13: Climate action</p>	<p>chains. LGIM's in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM's minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>UN SDG 13: Climate action</p>	<p>iii) LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees.</p> <p>iv) In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee layoffs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern.</p> <p>With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is one of the largest supermarkets in the UK. Although Sainsbury's is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited. UN SDG 8: Decent work and economic growth</p>
<p>What the investment manager has done</p>	<p>LGIM have been engaging with Exxon Mobil since 2016 and they have participated willingly in LGIM's discussions and meetings. Under the Climate Impact Pledge, LGIM identified a</p>	<p>LGIM have been engaging with BP on climate change or a number of years, during the course of which LGIM have seen many actions taken regarding climate change mitigation.</p>	<p>Sainsbury's has recently come under scrutiny for not paying a real living wage. LGIM engaged initially with the company's (then) CEO in 2016 about this issue and by 2021, Sainsbury's was paying</p>

number of initial areas for concerns, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities. LGIM's regular engagements with Exxon Mobil have focused on their minimum expectations under the Climate Impact Pledge. The improvements made have not so far been sufficient in LGIM's opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with the Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as LGIM considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM's engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting LGIM's continued wish for the company to take sufficient action on climate change in line

BP has made a series of announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. LGIM's recommendation for the oil and gas industry is to primarily focus on reducing its own emissions (and production) in line with global climate targets before considering any potential diversification into clean energy. BP has also announced that it would be reducing its oil and gas output by 40% over the next decade, with a view to reaching net-zero emissions by 2050. LGIM met with BP several times during 2022. In BP's 2022 AGM, LGIM were pleased to be able to support management's 'Net Zero — from ambition to action' report (Resolution 3). Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil and gas production, and announced an increase in capital expenditure to low-carbon growth segments. Levels of director typically engaged with include the chair, the CEO, head of

a real living wage to all employees, except those in outer London. LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements failed to deliver change, LGIM then joined ShareAction in filing a shareholder resolution in Q1 2022, asking the company to becoming a living wage accredited employer.

This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees (inner and outer) to the real living wage. LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, there are still some who are excluded. 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.

with their minimum expectations. Levels of individual typically engaged with include lead independent director, investor relations, director and CFO.

sustainability, and investor relations.

Outcomes and next steps

Since 2021, LGIM have seen notable improvements from Exxon Mobil regarding LGIM's key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, and improved disclosure of lobbying activities. However, there are still key areas where LGIM require further improvements, including inclusion of Scope 3 emissions in their targets, and improving the level of ambition regarding interim targets. LGIM are also seeking further transparency on their lobbying activities.

The company remains on LGIM's divestment list (for relevant funds), but LGIM's engagement with them continues.

LGIM will continue engaging with BP on climate change, strategy and related governance topics. Following the company's decision to revise their oil production targets, LGIM met with the company several times in early 2023 to discuss their concerns.

Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. LGIM welcome these actions which demonstrate the value the board places on its workforce. LGIM have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.
