

Shropshire County Council

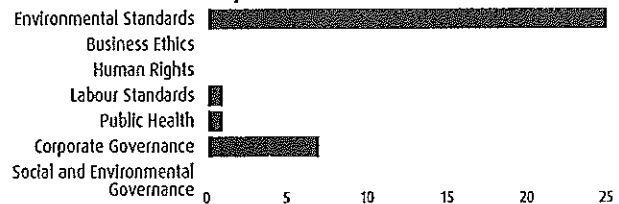
Q3 2017

The purpose of the **reo**[®] (responsible engagement overlay)^{*} service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. The **reo**[®] approach focuses on enhancing long-term investment performance by making companies more commercially successful through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities. Through a combination of constructive dialogue and active share voting, **reo**[®] works to drive behavioural change with companies, and records successful outcomes as 'milestones' – changes in corporate policies or behaviour following intervention.

Companies engaged this quarter

Companies engaged	84
Milestones achieved	34
Countries covered	16

Milestones achieved by issue



Companies engaged by country



Companies engaged by issue **



ESG Viewpoint

July 2017

Transforming the board room culture of Japan Inc.

➤ **Goal:** Establish one-third board independence in Japanese companies

➤ **Engagement since:** 2014



Yo Takatsuki

Associate Director
Governance and Sustainable Investment

Contact Us

📧 bmogam.com/responsible-investing

Institutional business:

☎ +44 (0)20 7011 4444

✉ Institutional.enquiries@bmogam.com

Discretionary Sales

☎ +44 (0)20 7011 4444

✉ client.service@bmogam.com

UK Adviser Sales

☎ 0800 085 0383

✉ sales.support@bmogam.com

Key summary

- There has been a marked improvement in Japanese corporate governance practices in recent years – but despite these changes, it still lags standards seen in other developed world markets
- Since 2014, we have co-led a collaborative engagement initiative calling for Japanese companies to improve board composition by moving to a minimum of one third independent directors by 2017
- BMO's position is that a critical mass of independent directors will drive culture change in the traditionally closed board rooms of Japan Inc. and improve market-wide shareholder returns
- This Viewpoint was co-authored with the co-leads of the engagement initiative Meryam Omi of Legal & General Investment Management and Alison Kennedy of Standard Life Investments. The report was also sent to the leading Japanese companies which we have focused our engagement with over the past three years.

Background

The purpose of this report is to explain to Japanese companies' board directors, senior management, investors, regulators and wider interested stakeholders why board independence is such an important issue for global investors and asset owners. It describes the collaborative engagement undertaken by a group of 20 investors and asset owners with Japanese companies which has been underway for the past three years. The aim of the engagement is to encourage Japanese companies to improve board composition by moving to a minimum of one third independent directors. This is a much higher standard than is mandated in the Japanese Corporate Governance Code of two outside directors on the board.

Corporate governance in Japan has undergone a tremendous transformation in the past five years. Stimulated by the new standards set out in the Corporate Governance and Stewardship Codes, the conversations between investors and corporates have shifted from why governance matters to how governance practices can be improved.

Many international, long-term investors in Japanese corporations, including the group involved in this engagement, have been ardent supporters and advocates of these corporate governance developments. BMO Global Asset Management has been engaging with Japanese corporations on the issue of governance since 2008 when we co-wrote the Asian Corporate Governance Association's white paper on the issue¹. We have been travelling to Tokyo in most intervening years pressing for reform.

Since then, we have believed that companies with a robust governance approach and a sustainable business model will deliver enhanced shareholder returns in the long run, helping the overall Japanese economy in the process. This engagement focused on independence because having a significant number of independent individuals around the board room table who can challenge and strengthen board level discussions is the foundation which will drive many other governance improvements.

The collective engagement and discussion on this issue between investors, corporates and regulators has borne fruit, consolidating many divergent views and giving focus to a complicated matter. Many of the companies we engaged with have significantly increased the number of independent directors in the last three years and have highlighted to us the value that these outside directors have brought to the table. They have encouraged us to keep supporting their reforms and changes.

Not all our conversations, however, have had such positive outcomes. As a result, some investors within the group are now voting against directors of companies who fail to meet the minimum threshold of board independence. This sends a powerful message about the importance of this issue.

Many challenges remain. In addition to the need to appoint more outside directors, further progress requires appointing directors with the right skills and experience, reviewing the format of board meetings and, perhaps most importantly, cultural change.

As long term investors, we are committed to continuing this dialogue as we believe Japan has a tremendous opportunity to benefit from this ongoing transformation.

Board independence in a Japanese context

Japan is one of the most important markets for institutional investors. It is one of the biggest and deepest capital

markets in the world with thousands of issuers and numerous world class corporations. We have been shareholders in Japanese corporations for many years. However, despite these strengths, one long standing weakness in the Japanese market has been corporate governance practices.

The core area of concern has been the structure and composition of Japanese boards. Traditionally, Japanese boards consisted almost solely of senior executives with no external representation. Due to investor pressure, particularly from outside of Japan, and government initiatives to stimulate the market, we have seen significant changes in this area in the last three years. The vast majority of Japanese companies now have at least two outsiders on the board.

We believe that the time is ripe for Japanese corporations to move to a standard that is more aligned to global practices. Our expectation is that companies should appoint a minimum of one third independent² directors (excluding Kansayaku). We consider this to be an achievable and reasonable target. To put this into context, in other developed markets, boards are expected to have majority independence. The call for one third board independence is a reflection of the stage of corporate governance development in Japan.

As shareholders, we look to the composition of the board to gain confidence in its ability to oversee management, provide challenge on the development of strategy, oversee risk management, and ensure high standards of business practice. This is for the benefit of not just shareholders but all stakeholders. To be effective, it is crucial that the board comprises a balance of executives and non-executives who are independent from management. This balance ensures that no single individual, or group of individuals, dominates decision-making to the detriment of others, and helps provide the diversity needed to cultivate healthy debate in the board room. A truly independent director can bring fresh ideas as a result of external experience and challenge management constructively without the constraint of a vested interest in the business. Independent directors also represent in the board room our views and interests as minority long-term shareholders.

Engagement action

In 2014, a group of 20 global institutional investors and asset owners³ led by BMO Global Asset Management

¹ Asian Corporate Governance Association "White Paper on Corporate Governance in Japan" 2008.

² Although there are differences in their individual definition of independence, the standards used by global investors are generally more stringent than what is currently mandated in the Tokyo Stock Exchange's listing rules.

³ Other investors and asset owners in the group include: Andra AP-fonden; APG Asset Management Asia; Baillie Gifford; British Columbia Investment Management Corporation; California State Teachers' Retirement System; Columbia Threadneedle Investments EMEA; Investec Asset Management; Mn Services BV; Ontario Teachers' Pension Plan; PGGM; State Board of

(formerly called F&C Investments), Legal & General Investment Management and Standard Life Investments came together with the goal of engaging with Japanese companies to aim for a more ambitious board independence standard. We believed that a minimum of one third independence was feasible and necessary in Japan and could become the accepted norm within three years.

The expectation was that Japanese corporates, particularly those with global outlook and reach, would achieve that level of independence by the 2017 annual shareholder meeting. In addition to individually engaging with various Japanese companies to push for this agenda, collectively we decided to target 33 of Japan's leading companies to accelerate this trend. They were chosen on the basis of factors such as market capitalisation and weightings in Japanese equity benchmarks as well low levels of board independence.

To ensure that our message was clearly understood by the market, we also wrote to the office of Prime Minister Shinzo Abe, the Financial Services Agency (FSA), Tokyo Stock Exchange (TSE), Keidanren, and the Ministry of Economy, Trade and Industry.

In the past three years, the group's members visited companies in Japan for face to face meetings, met companies during their visits overseas, and followed up with various calls and letters, both collectively and individually. BMO Global Asset Management travelled to Tokyo in 2014, 2015 and 2017 to reinforce the message.

We have noticed, during this time, a significant shift in the overall quality and depth of conversation with Japanese companies on governance issues. Many companies welcomed meeting us and hearing our views on why, and how, our engagement can add value. Regulators, such as the FSA, have been responsive to our views and incorporated them in the Corporate Governance Code.

The expectation of one third board independence, which was considered almost impossible when we started, is often quoted now as the minimum target by the companies we meet. Even for those which have not yet achieved this, it is no longer seen as a foreign and unattainable goal. Most importantly, many companies openly voice the positive impacts they have had from having independent directors.

Voting approach

Using votes to bring about positive change is a powerful tool for shareholders. While individual voting policies vary from investor to investor within the collaborative engagement group, there has been a general move to tighten the

independence requirement over the past three years. A critical mass of investors updated their voting policies in Japan ahead of the 2017 annual shareholder meeting season reflecting our expectations of one third independence on the board.

BMO Global Asset Management further tightened its Japanese market voting policy at the start of 2017. In companies which have lower than one-third independence, we now vote against the re-election of all directors except the president and the independent directors.

Engagement Case Study - Toyota

Automaker **Toyota** is Japan's most influential company. It has a long-standing leadership position within the powerful Keidanren business lobby, which for many years was the front for resisting corporate governance reform in the closed board rooms of Japan Inc. Despite, being a global leader in the car industry, it persisted for years with an insular and ineffective approach to corporate governance. As recently as 2011, Toyota had an excessively large 27-member board with not a single external director represented. It finally appointed its first independent director in 2013.

BMO has been engaging Toyota on corporate governance issues since 2010. This includes a number of meetings in Tokyo. Toyota was initially unreceptive to the calls for one-third independence on the board when we reached out to the company as a part of the collaborative initiative in 2014. It has, however, adopted a more constructive tone and approach to investor engagement on this topic more recently. This was reflected in the company reducing its board size to nine from 11 at the 2017 annual shareholder meeting. This now means that Toyota has one-third external representation on the board. The three external directors are currently composed of one independent director and two external directors with some affiliation to the company.

We had little confidence initially that Toyota would reform board structure but the persistent engagement on this topic through the joint investor initiative contributed to the welcome changes. The next step for Toyota is to ensure that it identifies and nominates to the board outside directors who are genuinely independent.

Conclusion and next steps

The advantage of the collective engagement initiative for Japanese companies has been that they heard one clear voice, not various views that contradict each other, from well-established international institutional investors in the Japanese market.

Of the 33 companies which we originally reached out to in 2014, we are pleased to report, at the time of writing, ten companies have now reached the one third board independence level. These companies are: **FUJIFILM Holdings, Honda Motor Company, JFE Holdings, Mitsubishi Electric, Mitsubishi Estate, Mitsubishi UFJ Financial Group, Mitsui Fudosan, Nintendo, Sumitomo Mitsui Financial Group and Takeda Pharmaceutical.**

Many of the others are also close to the 33% independence ratio and we are hopeful that those companies will reach this level at the 2018 annual shareholder meeting.

Unfortunately, there are still ten companies which fall short and where we have only seen minimal progress in the past three years. These are companies with an independence ratio of 12.5% or lower. This only amounts to one independent director in a board of eight directors which is far short of the critical mass of independent directors we believe is required to drive genuine culture change in Japanese board rooms. Some of these companies have made other governance related reforms which we note and value.

So, our work is not done and the companies' work is not done. Where necessary, we plan to engage with these companies again following the 2017 annual shareholder meetings in June. We are confident that they will look to establish clear plans for increasing board independence. Going forward, there will be increasing consequences for not doing so quickly enough and lagging behind not just global standards but the Japanese "new norm".

Investment Week Sustainable Investment Awards

Best Ethical Investment Fund
Management Group 2016

Best Sustainable Investment
Fund Management Group 2016



Outstanding Contribution 2014

Fair Pensions 2014



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Priority Companies and Your Fund

The table below highlights the companies on BMO's annual priority engagement list with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. Priority companies are selected through a detailed analysis of client holdings, proprietary ESG risk scores, engagement history and the BMO Governance and Sustainable Investment team's judgement and expertise. Each priority company has defined engagement objectives set at the beginning of each year. Engagement activity levels for priority companies are more intensive than for companies where we engage more reactively. We provide reporting on our engagement with priority companies in the form of case studies which follows the table below. For full list of priority companies please refer to the Appendix at the end of this report. For full details of our engagements with companies please refer to the online *reo*® client portal.

Name	Sector	ESG Rating	Response to engagement	Themes engaged						
				Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance
Albemarle Corp	Materials	ORANGE	Good	●					●	●
Allergan PLC	Health Care	RED	Adequate					●		
Amazon.com Inc	Consumer Discretionary	RED	Poor	●			●			
American Airlines Group Inc	Industrials	RED	Adequate	●			●			●
Andritz AG	Industrials	YELLOW	Adequate	●		●				
ArcelorMittal	Materials	ORANGE	Adequate	●						●
BASF SE	Materials	GREEN	Good				●			
BHP Billiton Ltd	Materials	YELLOW	Good	●	●	●				●
Carnival PLC	Consumer Discretionary	RED	Good	●					●	●
Chevron Corp	Energy	RED	Adequate	●					●	
Costco Wholesale Corp	Consumer Staples	RED	Poor			●	●	●		
Dollar Tree Inc	Consumer Discretionary	RED	Poor	●			●	●		●
Duke Energy Corp	Utilities	ORANGE	Good						●	
Fiat Chrysler Automobiles NV	Consumer Discretionary	RED	Good	●						
FirstEnergy Corp	Utilities	RED	Good						●	
FMC Corp	Materials	ORANGE	Adequate	●					●	
Freseus SE & Co KGaA	Health Care	RED	Adequate					●	●	
General Motors Co	Consumer Discretionary	RED	Good	●	●		●	●	●	●
GlaxoSmithKline PLC	Health Care	YELLOW	Good					●		
HSBC Holdings PLC	Financials	RED	Good		●				●	
HUGO BOSS AG	Consumer Discretionary	YELLOW	Adequate	●			●			
Johnson & Johnson	Health Care	YELLOW	Adequate					●		
JPMorgan Chase & Co	Financials	ORANGE	Adequate		●				●	
Kerry Group PLC	Consumer Staples	GREEN	Adequate	●						●
Michael Kors Holdings Ltd	Consumer Discretionary	RED	Good	●						
National Grid PLC	Utilities	GREEN	Adequate						●	
NIKE Inc	Consumer Discretionary	GREEN	Adequate	●			●			●
Novartis AG	Health Care	YELLOW	Good		●			●		
Pfizer Inc	Health Care	RED	Adequate					●		
Qantas Airways Ltd	Industrials	RED	Good	●			●		●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Priority Companies and Your Fund

Name	Sector	ESG Rating	Response to engagement	Themes engaged						
				Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance
Roche Holding AG	Health Care	GREEN	Adequate					●		
Royal Dutch Shell PLC	Energy	YELLOW	Good	●						
Sherwin-Williams Co/The	Materials	YELLOW	Adequate						●	
Steel Dynamics Inc	Materials	ORANGE	Poor	●			●			●
Toray Industries Inc	Materials	GREEN	Poor	●						●
Toyota Motor Corp	Consumer Discretionary	ORANGE	Adequate	●						
UnitedHealth Group Inc	Health Care	RED	Adequate						●	
US Bancorp	Financials	RED	Adequate	●	●					●
Vinci SA	Industrials	ORANGE	Adequate	●		●				
Volkswagen AG	Consumer Discretionary	RED	Adequate	●						
Wal-Mart Stores Inc	Consumer Staples	RED	Adequate				●		●	●
Wells Fargo & Co	Financials	RED	Poor		●					●

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Red rated

The table below highlights the companies with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online *reo*® client portal.

Name	Country	Sector	Priority company	ESG Rating	Themes engaged						
					Environmental Standards	Business ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance
Allergan PLC	United States	Health Care	✓	RED					●		
Amazon.com Inc	United States	Consumer Discretionary	✓	RED	●			●			
American Airlines Group Inc	United States	Industrials	✓	RED	●			●			●
Bank of America Corp	United States	Financials		RED		●				●	●
Barrick Gold Corp	Canada	Materials		RED						●	
Carnival PLC	United States	Consumer Discretionary	✓	RED	●					●	●
Chevron Corp	United States	Energy	✓	RED	●					●	
Costco Wholesale Corp	United States	Consumer Staples	✓	RED			●	●	●		
Dollar Tree Inc	United States	Consumer Discretionary	✓	RED	●			●	●		●
Fiat Chrysler Automobiles NV	United Kingdom	Consumer Discretionary	✓	RED	●						
FirstEnergy Corp	United States	Utilities	✓	RED						●	
Fresenius SE & Co KGaA	Germany	Health Care	✓	RED					●	●	
General Motors Co	United States	Consumer Discretionary	✓	RED	●	●		●	●	●	●
HSBC Holdings PLC	United Kingdom	Financials	✓	RED		●				●	
L Brands Inc	United States	Consumer Discretionary		RED	●						
Michael Kors Holdings Ltd	United Kingdom	Consumer Discretionary	✓	RED	●						
Olympus Corp	Japan	Health Care		RED					●		
Pfizer Inc	United States	Health Care	✓	RED					●		
Qantas Airways Ltd	Australia	Industrials	✓	RED	●			●		●	
Teva Pharmaceutical Industries Ltd	Israel	Health Care		RED			●		●		
UnitedHealth Group Inc	United States	Health Care	✓	RED						●	
US Bancorp	United States	Financials	✓	RED	●	●				●	
Volkswagen AG	Germany	Consumer Discretionary	✓	RED	●						
Wal-Mart Stores Inc	United States	Consumer Staples	✓	RED				●		●	●
Wells Fargo & Co	United States	Financials	✓	RED		●				●	

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Orange rated

The table below highlights the companies with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online *reo*® client portal.

Name	Country	Sector	Priority company	ESG Rating	Themes engaged						
					Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance
Aibermarle Corp	United States	Materials	✓	ORANGE	●					●	●
ArcelorMittal	Luxembourg	Materials	✓	ORANGE	●						●
Barclays PLC	United Kingdom	Financials		ORANGE	●	●					
Duke Energy Corp	United States	Utilities	✓	ORANGE						●	
FMC Corp	United States	Materials	✓	ORANGE	●					●	
JPMorgan Chase & Co	United States	Financials	✓	ORANGE		●				●	
Santen Pharmaceutical Co Ltd	Japan	Health Care		ORANGE					●		
Steel Dynamics Inc	United States	Materials	✓	ORANGE	●			●			●
Toyota Motor Corp	Japan	Consumer Discretionary	✓	ORANGE	●						
Vinci SA	France	Industrials	✓	ORANGE	●		●				

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Yellow rated

The table below highlights the companies with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online reo® client portal.

Name	Country	Sector	Priority company	ESG Rating	Themes engaged							
					Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance	
Andritz AG	Austria	Industrials	✓	YELLOW	●		●					
BHP Billiton Ltd	Australia	Materials	✓	YELLOW	●	●	●					●
Coca-Cola Co/The	United States	Consumer Staples		YELLOW					●	●		
Credit Agricole SA	France	Financials		YELLOW	●					●	●	
GlaxoSmithKline PLC	United Kingdom	Health Care	✓	YELLOW					●			
HUGO BOSS AG	Germany	Consumer Discretionary	✓	YELLOW	●			●				
Johnson & Johnson	United States	Health Care	✓	YELLOW					●			
LVMH Moet Hennessy Louis Vuitton SE	France	Consumer Discretionary		YELLOW	●							●
MEDNAX Inc	United States	Health Care		YELLOW						●		
Novartis AG	Switzerland	Health Care	✓	YELLOW		●			●			
Royal Dutch Shell PLC	Netherlands	Energy	✓	YELLOW	●							
Sanofi	France	Health Care		YELLOW					●			
Sherwin-Williams Co/The	United States	Materials	✓	YELLOW						●		
Sumitomo Mitsui Financial Group Inc	Japan	Financials		YELLOW	●							
Takeda Pharmaceutical Co Ltd	Japan	Health Care		YELLOW					●			
Target Corp	United States	Consumer Discretionary		YELLOW		●		●		●		
Under Armour Inc	United States	Consumer Discretionary		YELLOW	●							
Yamaha Motor Co Ltd	Japan	Consumer Discretionary		YELLOW	●	●		●		●		

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Engagements and Your Fund: Green rated

The table below highlights the companies with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. The table is split by ESG risk rating. For full details of our engagements with companies please refer to the online *reo*® client portal.

Name	Country	Sector	Priority company	ESG Rating	Themes engaged						
					Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance
Adidas AG	Germany	Consumer Discretionary		GREEN	●						
Apple Inc	United States	Information Technology		GREEN	●						●
Asics Corp	Japan	Consumer Discretionary		GREEN	●						
AstraZeneca PLC	United Kingdom	Health Care		GREEN		●			●		
BASF SE	Germany	Materials	✓	GREEN				●			
Bayerische Motoren Werke AG	Germany	Consumer Discretionary		GREEN	●						
Burberry Group PLC	United Kingdom	Consumer Discretionary		GREEN	●					●	
Cardinal Health Inc	United States	Health Care		GREEN						●	
DBS Group Holdings Ltd	Singapore	Financials		GREEN	●						
Experian PLC	United Kingdom	Industrials		GREEN		●		●		●	
Gap Inc/The	United States	Consumer Discretionary		GREEN	●						
ICADE	France	Real Estate		GREEN	●						
Industria de Diseno Textil SA	Spain	Consumer Discretionary		GREEN	●						
InterContinental Hotels Group PLC	United Kingdom	Consumer Discretionary		GREEN	●						●
Kering	France	Consumer Discretionary		GREEN	●						
Kerry Group PLC	Ireland	Consumer Staples	✓	GREEN	●						●
Kyocera Corp	Japan	Information Technology		GREEN						●	
Land Securities Group PLC	United Kingdom	Real Estate		GREEN	●						
Marks & Spencer Group PLC	United Kingdom	Consumer Discretionary		GREEN	●					●	
Merck KGaA	Germany	Health Care		GREEN					●		
National Grid PLC	United Kingdom	Utilities	✓	GREEN						●	
Next PLC	United Kingdom	Consumer Discretionary		GREEN	●						
NIKE Inc	United States	Consumer Discretionary	✓	GREEN	●			●			●
Novo Nordisk A/S	Denmark	Health Care		GREEN		●			●		
Panasonic Corp	Japan	Consumer Discretionary		GREEN	●		●	●		●	
PVH Corp	United States	Consumer Discretionary		GREEN	●						
Roche Holding AG	Switzerland	Health Care	✓	GREEN					●		
Toray Industries Inc	Japan	Materials	✓	GREEN	●						●
TUI AG	Germany	Consumer Discretionary		GREEN	●						●
VF Corp	United States	Consumer Discretionary		GREEN	●						●
Vodafone Group PLC	United Kingdom	Telecommunication Services		GREEN						●	

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Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED

Milestones and Your Fund

The table below highlights the companies with which we have recorded milestones on your behalf in the past quarter and which you currently hold within your portfolio. Milestones are engagement outcomes which we have identified and is rated on the extent to which it protects investor value. For full details of our engagements which led to these milestones please refer to the online *reo*® client portal.

Name	Country	Sector	Priority company	ESG Rating	Themes engaged					
					Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Facebook Inc	United States	Information Technology		YELLOW						●
BASF SE	Germany	Materials	✓	GREEN				●		
Burberry Group PLC	United Kingdom	Consumer Discretionary		GREEN						●
Nestle SA	Switzerland	Consumer Staples		GREEN				●		
Qantas Airways Ltd	Australia	Industrials	✓	RED						●
Steel Dynamics Inc	United States	Materials	✓	ORANGE						●
UnitedHealth Group Inc	United States	Health Care	✓	RED						●
AGL Energy Ltd	Australia	Utilities		ORANGE						●
Alstom SA	France	Industrials		GREEN	●					
Atlas Copco AB	Sweden	Industrials		GREEN	●					
Campbell Soup Co	United States	Consumer Staples		GREEN	●					
Casino Guichard Petrachon SA	France	Consumer Staples		GREEN	●					
CDW Corp/DE	United States	Information Technology		RED	●					
Coca-Cola Amatil Ltd	Australia	Consumer Staples		YELLOW	●					
Electric Power Development Co Ltd	Japan	Utilities		YELLOW	●					
HSBC Holdings PLC	United Kingdom	Financials	✓	RED	●					
James Hardie Industries PLC	Ireland	Materials		YELLOW	●					
Japan Airlines Co Ltd	Japan	Industrials		YELLOW	●					
Lagardere SCA	France	Consumer Discretionary		GREEN	●					
lear Corp	United States	Consumer Discretionary		RED	●					
LyondellBasell Industries NV	United States	Materials		ORANGE	●					
Medibank Pvt Ltd	Australia	Financials		ORANGE	●					
Neste Oyj	Finland	Energy		GREEN	●					
PepsiCo Inc	United States	Consumer Staples		GREEN	●					
Public Service Enterprise Group Inc	United States	Utilities		YELLOW	●					
Shire PLC	United States	Health Care		RED	●					
Stora Enso OYJ	Finland	Materials		GREEN	●					
Swiss Prime Site AG	Switzerland	Real Estate		GREEN	●					
Tabcorp Holdings Ltd	Australia	Consumer Discretionary		GREEN	●					
Travis Perkins PLC	United Kingdom	Industrials		GREEN	●					

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Milestones and Your Fund

Name	Country	Sector	Priority company	ESG Rating	Themes engaged						
					Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance
Voestalpine AG	Austria	Materials		GREEN	●						
Wal-Mart Stores Inc	United States	Consumer Staples	✓	RED	●						
Wm Morrison Supermarkets PLC	United Kingdom	Consumer Staples		GREEN	●						

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN Second quartile: YELLOW Third quartile: ORANGE Bottom quartile: RED