

Shropshire Council  
Legal and Democratic Services  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Date: Wednesday, 11 March 2020

**Committee:**  
**Pensions Committee**

**Date: Friday, 24 July 2020**

**Time: 10.00 am**

**Venue: THIS IS A VIRTUAL MEETING - PLEASE USE THE LINK ON THE AGENDA TO LISTEN TO THE MEETING**

Members of the public will be able to listen to this meeting by clicking on this link:

[Link to Pensions Committee 24 July 2020](#)

Please note that this meeting will be made available through Microsoft Teams Live Events - your device will need to meet the minimum specification as detailed on the Microsoft website at this link: [Device Specification](#)

- You will need to download MS Teams (free) and click on the link to listen to the meeting if you are using a PC
- If using a mobile device, you will need to download the MS Teams app (free) before clicking the link
- Use the link at 10.00am pm on the day of the meeting and click on 'Join as Guest'
- You may receive an error message or a request for login details if you try to gain access before 10.00am

You are requested to attend the above meeting.  
The Agenda is attached.

Claire Porter  
Director of Legal and Democratic Services

**Members of the Committee:**

Thomas Biggins

Chris Mellings

Brian Williams

Michael Wood

**Co-opted Members (Voting):**

Rae Evans  
Malcolm Smith

**Co-opted Members (Non-Voting):**

Jean Smith (Pensioner Representative)  
Laura Hoskison (Employee Representative Shropshire Council)  
Vacancy (Employee Representative)

**Substitute Members of the Committee:**

Roy Aldcroft (SC)  
Roger Evans (SC)  
Alexander Phillips (SC)  
Robert Tindall (SC)  
Adrian Lawrence (T&W)  
Leon Murray (T&W)  
Vacancy (Pensioner Rep)  
Vacancy (Employee Rep)

Your Committee Officer is:

**Sarah Townsend** Committee Officer

Tel: 01743 257721

Email: [sarah.townsend@shropshire.gov.uk](mailto:sarah.townsend@shropshire.gov.uk)

# AGENDA

## **1 Election of Chairman**

To elect a Chairman for the forthcoming year.

## **2 Apologies and Substitutions**

To receive apologies for absence and notification of any substitutions.

## **3 Appointment of Vice-Chairman**

To appoint a Vice-Chairman for the forthcoming year.

## **4 Disclosable Pecuniary Interests**

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

## **5 Minutes of the Previous Meeting (Pages 1 - 6)**

The Minutes of the meeting held on 24 January 2020 are attached for confirmation

Contact: Sarah Townsend (01743 257721)

## **6 Public Questions**

To receive any questions or petitions from members of the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 10.00 a.m. on Wednesday 22 July 2020

## **7 Climate Stewardship**

Ms Amelia Gaston and Ms Valborg Lie, LGPS Central, will be in attendance to present this item.

## **8 Corporate Governance Monitoring (Pages 7 - 64)**

The report of the Investment Officer is attached.

Contact: Ben Driscoll (01743 252079)

**9 Pensions Administration Monitoring (Pages 65 - 76)**

The report of the Pensions Administration Manager is attached.

Contact: Debbie Sharp (01743 252192)

**10 Delegated Decisions (Pages 77 - 80)**

Report of the Head of Treasury and Pensions is attached.

Contact: Justin Bridges (01743 252072)

**11 Exclusion of Press and Public**

To consider a resolution under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to the following agenda Items shall not be conducted in public on the grounds that they involve the likely disclosure of exempt information as defined by the categories specified against them.

**12 Exempt minutes of the Previous Meeting**

The exempt Minutes of the meeting held on 24 January 2020 are attached for confirmation.

Contact: Sarah Townsend (01743 257721)

**13 Investment Strategy Review**

Mr Louis-Paul Hill, Aon, will be in attendance to present this item.

**14 Equity Protection Update**

Mr Louis-Paul Hill, Aon, will be in attendance to present this item.

**15 DRC Property Debt Fund**

Mr Louis-Paul Hill, Aon, will be in attendance to present this item.

**16 PIMCO PARS Update**

Mr Louis-Paul Hill, Aon, will be in attendance to present this item.

**17 Insurance Linked Securities update**

Mr Louis-Paul Hill, Aon, will be in attendance to present this item.

**18 Investment Monitoring - Quarter to 31 March 2020 (Pages 81 - 124)**

The exempt report of the Head of Treasury and Pensions is attached.

Contact: Justin Bridges (01743 252072)

**19 Governance (Pages 125 - 130)**

The exempt report of the Pensions Administration Manager is attached.

Contact: Debbie Sharp (01743 252192)

**20 New Employers (Pages 131 - 136)**

The exempt report of the Pensions Administration Manager is attached.

Contact: Debbie Sharp (01743 252192)

This page is intentionally left blank



Pensions Committee

24 July 2020

10.00 a.m.

## **MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 24 JANUARY 2020 10.00 - 11.55 AM**

**Responsible Officer:** Sarah Townsend  
Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

### **Present:**

#### Members of the Committee:

Councillor Thomas Biggins (Chairman)  
Councillors Chris Mellings, Brian Williams and Alexander Phillips (Substitute) (substitute for Michael Wood)

#### Co-Opted Members (Voting):

Councillors Leon Murray and Malcolm Smith

#### Co-Opted Members (Non-Voting):

Laura Hoskison and Jean Smith

### **36 Apologies and Substitutions**

Apologies for absence were received from Councillor Michael Wood. Councillor Alexander Phillips was in attendance as his substitute.

### **37 Disclosable Pecuniary Interests**

Members were reminded that they must not participate in the discussion or voting on any matter in which they had a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate. There were no declarations of Disclosable Pecuniary Interests made.

### **38 Minutes of the Previous Meeting**

That the Minutes of the meeting held on 04 October 2019 be approved and signed by the Chairman as a correct record.

### **39 Public Questions**

One question was received from a member of the public.

**From:** Ms Jo Blackman. Ms Blackman was in attendance to ask her question in relation to divestment from fossil fuels as a financially and ethically responsible

policy. A full copy of the question and response provided is attached to the web page for the meeting and also attached to the signed minutes.

In addition, the Chairman commented that he was conscious of the issues that had been raised and a review of the investment strategy would be undertaken shortly.

#### 40 **Actuarial Valuation Results**

Mr John Livesey, Mercer Human Resource Consulting, was in attendance to present this item which provided Members with the preliminary results of the Shropshire County Pension Fund 2019 Actuarial Valuation.

A presentation was received which recapped on the 2016 valuation results, the preliminary 2019 valuation results, the existing funding strategy and key changes and developments since 2016.

Information was received comparing the 2016 valuation results against the preliminary 2019 valuation results. It was noted that the demographic assumptions had been reviewed, although no major changes had been made. As of 31 March 2016, there was £1,494 million assets compared to the current position of £1,915 million assets. In terms of the funding level, this had increased from 84% as of 31 March 2016, to 94% currently. The future service rate (% of pay) had also increased from 14.9% as of 31 March 2016, to 16.6% currently, which was mainly attributed to investment return outlook.

A question was asked regarding payroll (2020/21 estimate) as the figures were similar to those of 31 March 2016.

#### 41 **Investment Strategy Review**

Mr Louis-Paul Hill, Aon, was in attendance to present this item which provided Members with an investment strategy review update.

It was noted that Officers were currently looking into using an interactive model to improve risk and return efficiency within constraints.

#### **RESOLVED:**

That the investment strategy review update be noted.

#### 42 **Competition and Markets Authority (CMA) - Investment Consultant Objectives**

Mr Louis-Paul Hill, Aon, was in attendance to present this item. He informed Members that on 10 June 2019, the Competition and Markets Authority (CMA) introduced new duties for trustees via an order, which took effect on 10 December 2019. One of the newly introduced duties was for trustees to set objectives for its investment consultant and although the CMA order refers to trustees, the order is also applicable to the Local Government Pension Scheme.

Having set objectives for their investment consultant service, it was noted that trustees and the Local Government Pension Scheme needed to review the performance of each investment consultant provider at least every twelve months

and review the objectives themselves at least every three years, and without delay following any significant change in investment policy.

Members were informed that various investment consultant objectives had been discussed and approved by Officers at their technical meeting held on 21-22 November 2019 and had been set out within yes / no questions for assessment simplicity. However, it was mentioned that Officers and the Pensions Committee may wish to consider defining a marking / scoring approach in due course.

**RESOLVED:**

- (a) That the setting of investment consultant objectives be noted.
- (b) That Officers work with Pensions Committee Members to develop and monitor the investment consultant objectives over the next 12 months.

**43 Corporate Governance Monitoring**

The Committee received the report of the Investment Officer (copy attached to the signed Minutes) which informed Members of Corporate Governance and socially responsible investment issues arising in the quarter 01 July 2019 to 30 September 2019.

The Committee was informed that the Shropshire County Pension Fund had signed up to the UK Stewardship Code (Appendix C) and this had been agreed by the Chairman of the Pensions Committee, the Director of Finance, Governance and Assurance and the Head of Treasury and Pensions.

It was noted that work was currently being undertaken with LGPS Central regarding a Climate Risk Policy and carbon risk footprint. A letter had recently been sent to the Pensions Committee from UNISON Shropshire General Branch in relation to the threat posed by climate change and the investment in companies dedicated to finding and burning more oil, gas and coal. The issues raised by UNISON would be considered at the next meeting of the Pensions Committee, due to be held on 19 March 2020.

**RESOLVED:**

- (a) That the position as set out in the report, Manager Voting Reports (Appendix A) and BMO Global Asset Management Responsible Engagement Overlay Activity Report (Appendix B) be accepted.
- (b) That the statement of compliance with the UK Stewardship Code (Appendix C), agreed by the Chairman of the Pensions Committee and the Director of Finance, Governance and Assurance, December 2019, be noted.

**44 Pensions Administration Monitoring**

The Committee received the report of the Pensions Administration Manager (copy attached to the signed Minutes) which provided members with monitoring information on the performance of and issues affecting the Pensions Administration Team.

In relation to cyber security, it was noted that there had been no cyber-attacks specifically directed at Shropshire County Pension Fund data.

It was noted that two minor amendments had been made to the Pensions Administration Strategy Statement to better reflect the process of issuing invoices, for early retirement strain costs, to employers.

**RESOLVED:**

(a) That the position as set out in the report by the Pensions Administration Manager be accepted.

(b) That the amended Pensions Administration Strategy (Appendix B) be approved.

**45 Exclusion of Press and Public**

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Minutes 46 to 50, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the categories specified against them.

**46 Exempt Minutes of the Previous Meeting (Exempted by Category 3)**

That the Exempt Minutes of the meeting held on 04 October 2019 be approved and signed by the Chairman as a correct record.

**47 Equity Protection Update (Exempted by Category 3)**

Mr Louis-Paul Hill, Aon, was in attendance to present this item which provided Members with an equity protection update.

**RESOLVED:**

That the equity protection update be noted.

**48 Investment Monitoring - Quarter to 30 September 2019 (Exempted by Category 3)**

The Committee received the exempt report of the Head of Treasury and Pensions (copy attached to the Exempt signed Minutes) which provided Members with monitoring information on investment performance and managers for the quarter period to 30 September 2019 and reported on the technical meetings held with managers since the quarter end.

**RESOLVED:**

That the position as set out in the exempt report by the Head of Treasury and Pensions be noted.

**49 Governance (Exempted by Category 3)**

The Committee received the exempt report of the Pensions Administration Manager (copy attached to the Exempt signed Minutes) which informed them of regulatory breaches arising in the quarter 01 July 2019 to 30 September 2019, which had been recorded in the breaches log.

**RESOLVED:**

- (a) That the content of Appendix A to the report by the Pensions Administration Manager, which detailed breaches recorded in the last quarter, be noted.
- (b) That the Data Improvement Plan 2020 (Appendix B to the report by the Pensions Administration Manager) be agreed.

**50 New Employers (Exempted by Category 3)**

The Committee received the exempt report of the Pensions Administration Manager (copy attached to the Exempt signed Minutes) which provided Members with details of the following:

- Full details regarding one new employer admission to the Fund under Schedule 2 Part 3 Regulation 1 (d) (i) of the Local Government Pension Scheme Regulations 2013. The admission was due to services transferring from a scheme employer, under a service contract. The admission agreements would need to be sealed with the county seal.
- Update of New Schedule 1 Part 1 Scheme Employers (academies) and New Schedule 2 Part 2 Scheme Employers (designated bodies).

**RESOLVED:**

That the recommendations in the exempt report by the Pensions Administration Manager be approved.

*(The full version of Minutes 46 to 50 constitutes exempt information under Category 3 of paragraph 10.2 of the Council's Access to Information Procedure Rules and has accordingly been withheld from publication).*

Signed ..... (Chairman)

Date: .....

This page is intentionally left blank



<u>Committee and Date</u>
Pensions Committee
24 July 2020
10.00am

<u>Item</u>
Public

## CORPORATE GOVERNANCE MONITORING

**Responsible Officer** Ben Driscoll  
e-mail: [ben.driscoll@shropshire.gov.uk](mailto:ben.driscoll@shropshire.gov.uk)

Tel: (01743) 252079

### 1. Summary

- 1.1 The report is to inform members of Corporate Governance and socially responsible investment issues arising in the quarter 1<sup>st</sup> January 2020 to 31<sup>st</sup> March 2020.

### 2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report, Manager Voting Reports at Appendix A and BMO Global Asset Management Responsible Engagement Overlay Activity Report at Appendix B.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.3 The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.
- 3.4 There are no direct Equalities or Community consequences.

### 4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

### 5. Climate Change Appraisal

- 5.1 The Fund takes Responsible Investment very seriously; it is a key process the investment managers go through before investing where thorough due diligence is undertaken considering all risks including climate change. The

investment managers vote on the Fund's behalf, BMO engage with companies on the Fund's behalf and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and a signatory to the UK Stewardship Code.

- 5.2 Shropshire County Pension Fund has commissioned a Climate Risk Report from LGPS Central. Please refer to Section 7 of this report.

## 6. Background

- 6.1 The Shropshire County Pension Fund has been actively voting for over fifteen years at the Annual General Meetings and Extraordinary General Meetings of the companies in which it invests. Voting is carried out by individual Fund Managers on all equity portfolios.
- 6.2 The Fund is also addressing its social responsibility through a strategy of responsible engagement with companies. BMO Global Asset Management provide this responsible engagement overlay on the Fund's UK equities portfolio.

## 7. LGPS Central Climate Risk Report

- 7.1 LGPS Central will be attending committee to provide an update on the work they are carrying out at the request of the Fund, to produce a Climate Risk Report. The report is designed to assist Shropshire County Pension Fund in identifying financially material climate-related risks and opportunities. The full report will be presented at the September Pension Committee meeting once the detailed analysis has been undertaken.

## 8. Manager Voting Activity

- 8.1 Details of managers voting activity during the quarter relating to equity portfolios are attached (Appendix A).

## 9. Responsible Engagement Activity

- 9.1 During the last quarter BMO Global Asset Management have continued to actively engage with companies on the Fund's behalf. An update on the engagement activities for the quarter is attached at Appendix B in the REO Activity report.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
Corporate Governance Monitoring report, Pensions Committee 19 March 2020
<b>Cabinet Member</b>
N/A
<b>Local Member</b>

N/A

**Appendices**

A. Manager Voting Activity Reports.

B. BMO Global Asset Management Responsible Engagement Overlay Reports.

This page is intentionally left blank

# VOTING AND ENGAGEMENT ACTIVITY

Welcome to your Quarterly Report's Engagement Activity section. We engaged with several companies over the quarter, examples of which we give below:

**Electrocomponents:** We invest in Electrocomponents, a global multi-channel distributor of electrical and industrial components, for the expertise of its management team and the significant potential to grow its business, particularly in the US and Asia. The group has efficiently built, in a fragmented market, a highly differentiated service offering that is tailored to its customers' needs.

In March, we engaged with Electrocomponents' CFO David Egan and Head of IR Polly Elvin to get a better understanding of how the group is weathering the storm of Covid-19. During this time, Electrocomponents has been quick to establish crisis management teams and early in the outbreak took on board some of the lessons learned in China. As at the end of March, the group's supply chain has seen little disruption as the vast majority of the group's suppliers continue to manufacture products. Electrocomponents was deemed a critical service in the UK and is able to help fulfil European orders as well. The group is focusing on medium-term strategic opportunities, especially as it is seeing significant increase in its online traffic.

**Marks & Spencer:** In mid-March, we engaged with Marks & Spencer's Chairman, Archie Norman, acting CFO, David Surdeau, and Head of IR, Fraser Ramzan, about the impact of the pandemic on the company's operations. At that time, the group's management strategy was evolving daily and management anticipated the temporary closing of its home and clothing stores, with an immediate impact to its sales in these areas. Overall, M&S felt its strength lay in its combination of product offerings (clothing, home, food) and expected overall sales from its food halls to increase. However, due to the fact that around 40% of the group's food is in ready-made meals, they did not expect an uptick from panic buying activity.

We asked about the company's workforce and supply chain. The group was expecting a significant number of its staff to be impacted by the pandemic, either because they contracted the virus themselves or had children or vulnerable family members to care for while no other caretakers were available. The group said it had contingency plans in place to help keep its distribution centres running.

**Direct Line Group (DLG):** During the quarter, we engaged with DLG. DLG reported that they have made progress in their digital/IT roll out, which should help bring efficiencies across the business. Also, DLG sees pricing in the motor insurance market as remaining highly rational, enabling the group to solidify its pricing structure for car insurance policies. During the pandemic, DLG's shares have responded defensively in the market downturn; the group is partly protected by the fact that car insurance is a compulsory purchase for UK drivers and the frequency of claims will be lower.

In June this year, the FCA is expected to provide an update and suggest how the insurance market as a whole can take steps to avoid making customers pay a premium penalty on its insurance policies. We feel that DLG is highly transparent across its business and that it stands in good stead for any proposals made by the FCA in this area.

**BP:** In February, we met with BP's new CEO, Bernard Looney, and incoming CFO, Murray Auchincloss. Looney had, just two days prior to our meeting, announced BP's new target to achieve net zero carbon emissions by 2050. BP's goal focuses on neutralising the emissions from its operations and the barrels of oil it produces (scope 1 and 2), as well as on halving the carbon intensity created by the consumption of the products it sells (scope 3). This is an ambitious target which, if achieved, would put BP ahead of many other oil and gas majors in terms of action and mitigate climate change. Under this plan, BP has announced it will move away from an upstream/downstream framework, which has served the group well for decades, and restructure its business to create four business units covering: production and operations; customers and products; gas and low carbon energy; and innovation and engineering.

During our meeting in February, we asked BP about its specific plans to achieve its emissions goal, a target that would, as Looney states, "fundamentally transform" the group's business. BP said that it would provide more specific details about its plans to achieve net zero carbon emissions at its upcoming capital markets day in

September 2020. Looney reiterated during our meeting the group's fundamental commitments to maintaining its cost of capital discipline and its free cash flow targets for 2021. Looney also stressed that BP will strive for zero accidents across its business. We stressed the need for more details about the group's transformation so that we could understand the full impact of the change on the business and its balance sheet. We need a clearer picture of BP's plan for energy transition alongside return thresholds for the group's incremental capital investments. We look forward to hearing more specific details about BP's plan for net zero carbon emissions in September.

**Fevertree:** We spoke with Fevertree, the UK-based producer of premium drink mixers, during the quarter. This group is recognised globally as the leading brand in its market. UK growth has slowed dramatically reflecting its success in penetrating the market. Growth outside the UK has been strong with the US being the biggest opportunity. The two key issues we discussed were the impact of Covid-19 on the 'on-trade' (pubs/bars etc) and 'off-trade' (consumed at home), in addition to the company's sales push in the US which had faltered due to their pricing architecture. Whilst Covid-19 is likely to be a short-term challenge for them, the business has significant net cash and home consumption has increased significantly, albeit not offsetting the closure of the on-trade channel. Premium spirit consumption continues to gain share and Fevertree is the 'go-to' brand with which premium spirits businesses like to co-market. Furthermore, the group reassured on the strength of its supply chain and inventory. Regarding the US, Fevertree has adjusted pricing and the company's ambitions remain undiminished.

**Mondi:** We engaged with Mondi in March against a background of weakening paper and container board prices. We were keen to explore with the new CEO (former CFO) how the market dynamics might change given this weakness and the actions they can take to protect and enhance their business in a softer economic environment. As one of the few integrated companies that owns forests, produces pulp and paper, and manufactures packaging, Mondi see their business strengthening strategically as uncompetitive peers close capacity or cancel new projects. In containerboard grades, the group sees the market as tightening to the point that prices should start to increase. Mondi continues to find productivity-enhancing projects with mid-teens return on investment. The balance sheet strength was reinforced by a recent rating agency upgrade. Mondi continues to work with FMCG companies and retailers to reduce packaging and to substitute plastic where possible.

# VOTING POLICY

We introduced our own customised voting policy in the second quarter of 2014. This is run in parallel with ISS's policy recommendations. The majority of areas in which our policy differs from that of ISS are within the smaller company sector, where we are a leading UK participant, and relates to capital raising with pre-emptive shareholder rights and the composition of boards; these issues are by their nature often associated with smaller companies. It is not inconceivable that we will make exceptions and vote against our own policy: as with all our voting, we proceed on a case by case basis. We review our policy annually to ensure it is consistent with current best practice. Below are the specifics of the policy. It is worth noting that we regard a UK smaller company as one that is outside the FTSE 350.

Agenda Type	ISS policy	Majedie Policy
Smaller Company Board Structure	Where non-executive directors (NEDs) are members of internal boards, or where members of the board sit on more than one internal committee, this is regarded as being against best practice, and therefore the recommendation is to vote against such proposals.	Give smaller companies greater flexibility in the composition of their boards for practical reasons, given personnel limitations, unless we take issue with one of the board members.
Issuances with Pre-emptive Rights	Proposals of greater than 33% of Issued Share Capital are against best practice and therefore the recommendation is to vote against.	As shareholders we will be given the right to take up the issuance, and so will not be diluted. We therefore vote for such proposals.
Issuances without Pre-emptive Rights	Proposals of greater than 10% of Issued Share Capital are against best practice and therefore the recommendation is to vote against.	Vote in line with ISS as such issuances are potentially dilutive for shareholders.
Political Contributions	Vote for.	Vote against. We want to maintain an independent stance.

# VOTING RECORD SUMMARY

Please see below a breakdown of the meetings and resolutions which pertain to your portfolio.

SUMMARY	VOTES	PERCENT
Number of meetings voted at this period	10	
Number of resolutions	166	
Where we voted in line with Management	162	97.6
Where we have not voted in line with Management	4	2.4

Source: Majedie, ISS (Institutional Shareholder Services)

The table below is a breakdown of the number of resolutions where we have either voted against Management or abstained.

CATEGORY	AGAINST MANAGEMENT	ABSTAIN
Antitakeover Related	0	0
Capitalization	0	0
Directors Related	0	0
Non-Salary Comp.	0	0
Reorg. and Mergers	0	0
Routine/Business	4	0
Total	4	0

Sources: Majedie, ISS (Institutional Shareholder Services)

# VOTING RECORD DETAILS

SECURITY NAME	MEETING DATE	MEETING TYPE	MAJEDIE VOTE
CARETECH	17 Mar 2020	AGM	Voted for all
EUROMONEY	28 Jan 2020	AGM	Voted for all
GRC INTERNATIONAL	18 Feb 2020	EGM	Voted for all
HOLLYWOOD BOWL	30 Jan 2020	AGM	Voted for all
NOVARTIS	28 Feb 2020	AGM	Against Resolution 10
SAGE GROUP	25 Feb 2020	AGM	Against Resolution 14
SHAFTESBURY	31 Jan 2020	AGM	Voted for all
SHANTA GOLD	20 Mar 2020	AGM	Against Resolution 9
SSP	26 Feb 2020	AGM	Against Resolution 12
STOCK SPIRITS	06 Feb 2020	AGM	Against Resolution 20

Source: Majedie



## LGPS Central – ACS

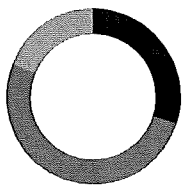
Hermes EOS

### Engagement by region

Over the last quarter we engaged with 361 companies held in the fund portfolios on a range of 1,014 environmental, social and governance issues and objectives.

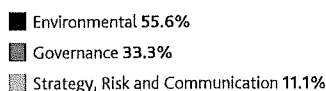
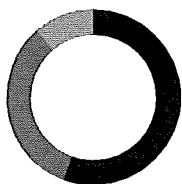
#### Global

We engaged with 361 companies over the last quarter.



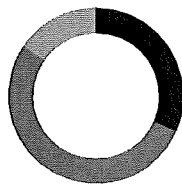
#### Australia & New Zealand

We engaged with 6 companies over the last quarter.



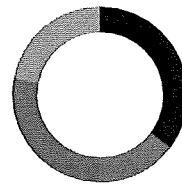
#### Developed Asia

We engaged with 61 companies over the last quarter.



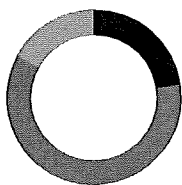
#### Emerging & Developing Markets

We engaged with 42 companies over the last quarter.



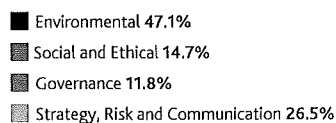
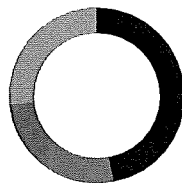
#### Europe

We engaged with 95 companies over the last quarter.



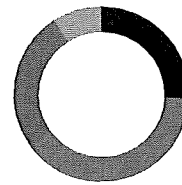
#### North America

We engaged with 112 companies over the last quarter.



#### United Kingdom

We engaged with 45 companies over the last quarter.

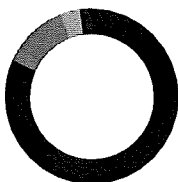


## Engagement by theme

Over the last quarter we engaged with 361 companies held in the fund portfolios on a range of 1,014 environmental, social and governance issues and objectives.

### Environmental

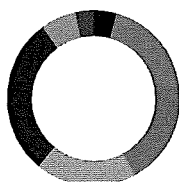
Environmental topics featured in 30.0% of our engagements over the last quarter.



- Climate Change 81.9%
- Forestry and Land Use 2.3%
- Pollution and Waste Management 10.2%
- Supply Chain Management 3.6%
- Water 2.0%

### Social and Ethical

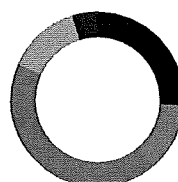
Social and Ethical topics featured in 18.9% of our engagements over the last quarter.



- Bribery and Corruption 4.2%
- Conduct and Culture 18.8%
- Diversity 19.3%
- Human Capital Management 18.8%
- Human Rights 29.2%
- Labour Rights 6.8%
- Tax 3.1%

### Governance

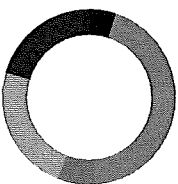
Governance topics featured in 32.2% of our engagements over the last quarter.



- Board Diversity, Skills and Experience 26.3%
- Board Independence 12.5%
- Executive Remuneration 43.1%
- Shareholder Protection and Rights 13.5%
- Succession Planning 4.6%

### Strategy, Risk and Communication

Strategy, Risk and Communication topics featured in 18.8% of our engagements over the last quarter.



- Audit and Accounting 5.2%
- Business Strategy 43.5%
- Cyber Security 7.3%
- Integrated Reporting and Other Disclosure 23.6%
- Risk Management 20.4%

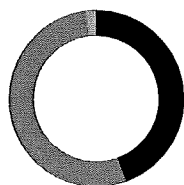
## LGPS Central - ACS

## Hermes EOS

Over the last quarter we made voting recommendations at **436** meetings (**4,680** resolutions). At **230** meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at **eight** meetings and abstaining at **four** meetings. We supported management on all resolutions at the remaining **194** meetings.

### Global

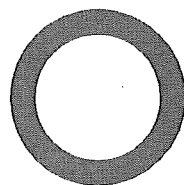
We made voting recommendations at **436** meetings (**4,680** resolutions) over the last quarter.



- Total meetings in favour **44.5%**
- Meetings against (or against AND abstain) **52.8%**
- Meetings abstained **0.9%**
- Meetings with management by exception **1.8%**

### Australia and New Zealand

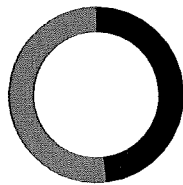
We made voting recommendations at **two** meetings (**13** resolutions) over the last quarter.



- Meetings against (or against AND abstain) **100%**

### Developed Asia

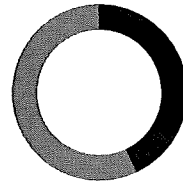
We made voting recommendations at **205** meetings (**1,688** resolutions) over the last quarter.



- Total meetings in favour **48.3%**
- Meetings against (or against AND abstain) **51.2%**
- Meetings abstained **0.5%**

### Emerging and Frontier Markets

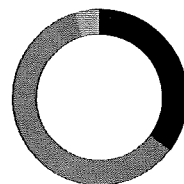
We made voting recommendations at **58** meetings (**547** resolutions) over the last quarter.



- Total meetings in favour **43.1%**
- Meetings against (or against AND abstain) **56.9%**

### Europe

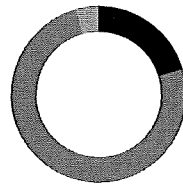
We made voting recommendations at **68** meetings (**1,137** resolutions) over the last quarter.



- Total meetings in favour **35.3%**
- Meetings against (or against AND abstain) **55.9%**
- Meetings abstained **4.4%**
- Meetings with management by exception **4.4%**

### North America

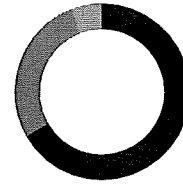
We made voting recommendations at **49** meetings (**562** resolutions) over the last quarter.



- Total meetings in favour **20.4%**
- Meetings against (or against AND abstain) **75.5%**
- Meetings with management by exception **4.1%**

### United Kingdom

We made voting recommendations at **54** meetings (**733** resolutions) over the last quarter.

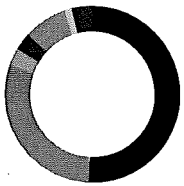


- Total meetings in favour **66.7%**
- Meetings against (or against AND abstain) **27.8%**
- Meetings with management by exception **5.6%**

The issues on which we recommended voting against management or abstaining on resolutions are shown below.

**Global**

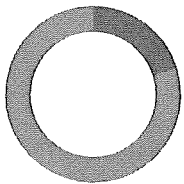
We recommended voting against or abstaining on 514 resolutions over the last quarter.



- Board structure 50.6%
- Remuneration 24.5%
- Shareholder resolution 5.3%
- Capital structure and dividends 3.1%
- Amend articles 3.3%
- Audit and accounts 8.0%
- Poison pill/Anti-takeover device 1.4%
- Other 3.9%

**Australia and New Zealand**

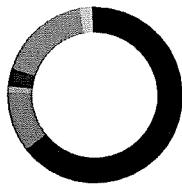
We recommended voting against or abstaining on five resolutions over the last quarter.



- Remuneration 20%
- Capital structure and dividends 80%

**Developed Asia**

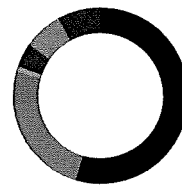
We recommended voting against or abstaining on 179 resolutions over the last quarter.



- Board structure 64.2%
- Remuneration 10.6%
- Shareholder resolution 0.6%
- Capital structure and dividends 1.1%
- Amend articles 3.4%
- Audit and accounts 17.3%
- Poison pill/Anti-takeover device 2.2%
- Other 0.6%

**Emerging and Frontier Markets**

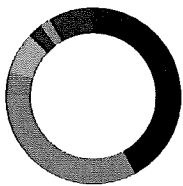
We recommended voting against or abstaining on 112 resolutions over the last quarter.



- Board structure 54.5%
- Remuneration 18.8%
- Shareholder resolution 6.2%
- Capital structure and dividends 0.9%
- Amend articles 4.5%
- Audit and accounts 7.1%
- Other 8.0%

**Europe**

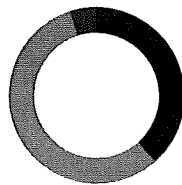
We recommended voting against or abstaining on 107 resolutions over the last quarter.



- Board structure 42.1%
- Remuneration 32.7%
- Shareholder resolution 4.7%
- Capital structure and dividends 7.5%
- Amend articles 2.8%
- Audit and accounts 1.9%
- Other 8.4%

**North America**

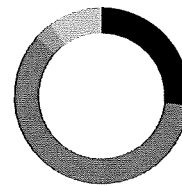
We recommended voting against or abstaining on 81 resolutions over the last quarter.



- Board structure 38.3%
- Remuneration 39.5%
- Shareholder resolution 17.3%
- Amend articles 3.7%
- Other 1.2%

**United Kingdom**

We recommended voting against or abstaining on 30 resolutions over the last quarter.



- Board structure 26.7%
- Remuneration 60%
- Capital structure and dividends 3.3%
- Poison pill/Anti-takeover device 10%



Notices:  
 LGPS Central Limited is committed to disclosing its voting record on a vote-by-vote basis, including where practicable the provision of a rationale for votes cast against management.  
 The data presented here relate to voting decisions for securities held in portfolios held within the company's Authorised Contractual Scheme (ACS).

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/01/2020	ZOZO, Inc.	Special	Against	1	Lack of independence on board
29/01/2020	H.I.S. Co., Ltd.	Annual	Against	3	Concerns to protect shareholder value
				6	Performance-related pay/awards for non-executives
30/01/2020	Kobe Bussan Co., Ltd.	Annual	Against	2.4	Concerns about overall board structure
30/01/2020	Park24 Co., Ltd.	Annual	Against	2.6,2.7	Concerns about overall board structure
18/02/2020	Nissan Motor Co., Ltd.	Special	All For		
22/02/2020	OSG Corp. (6136)	Annual	Against	2.1	Concerns related to approach to board diversity
27/02/2020	Kewpie Corp.	Annual	Against	4	Poison pill/anti-takeover measure not in investors interests
13/03/2020	ASKUL Corp.	Special	All For		
17/03/2020	Z Holdings Corp.	Special	All For		
19/03/2020	Japan Tobacco Inc.	Annual	Against	3.8	Lack of independence on board
19/03/2020	Kubota Corp.	Annual	Against	1.1	Concerns related to approach to board diversity
19/03/2020	Kyowa Kirin Co., Ltd.	Annual	Against	4	Concerns about overall board structure
20/03/2020	THK CO., LTD.	Annual	Against	2.8,3.1	Concerns about overall board structure
				2.1	Concerns related to approach to board diversity
24/03/2020	Bridgestone Corp.	Annual	All For		
24/03/2020	DMG MORI CO., LTD.	Annual	Against	2.1	Concerns related to approach to board diversity
24/03/2020	Ezaki Glico Co., Ltd.	Annual	Against	2.5,2.8	Concerns about overall board structure
24/03/2020	Hufic Co., Ltd.	Annual	Against	2.10,3.1,3.3	Concerns about overall board structure
24/03/2020	Nabtesco Corp.	Annual	Against	2.7	Concerns about overall board structure
24/03/2020	Pola Orbis Holdings Inc.	Annual	All For		
25/03/2020	Asahi Group Holdings Ltd.	Annual	All For		
25/03/2020	INPEX Corp.	Annual	Against	2.10,2.12,2.13	Lack of independence on board
				2.9	Lack of independence on board
25/03/2020	Kao Corp.	Annual	Against	3.8	Concerns about overall board structure
25/03/2020	NEXON Co., Ltd.	Annual	Against	1.1	Concerns related to approach to board diversity
25/03/2020	Shiseido Co., Ltd.	Annual	All For		
25/03/2020	Tokyo Tatemono Co., Ltd.	Annual	All For		
25/03/2020	Unicharm Corp.	Annual	All For		
25/03/2020	Yamaha Motor Co., Ltd.	Annual	Against	2.8	Concerns about overall board structure
26/03/2020	Canon Marketing Japan Inc.	Annual	Against	3.2,3.3	Concerns about overall board structure
				2.1	Concerns related to approach to board diversity
26/03/2020	Coca-Cola Bottlers Japan Holdings, Inc.	Annual	Against	3.1	Concerns about overall performance
26/03/2020	DIC Corp.	Annual	All For		
26/03/2020	HOSHIZAKI Corp.	Annual	All For		
26/03/2020	Kuraray Co., Ltd.	Annual	All For		
26/03/2020	LINE Corp.	Annual	All For		
26/03/2020	MonotaRO Co., Ltd.	Annual	Against	2.3,2.4	Concerns about overall board structure
26/03/2020	Nippon Paint Holdings Co., Ltd.	Annual	All For		
26/03/2020	Shimano, Inc.	Annual	Against	2.1	Concerns about overall board structure
26/03/2020	Showa Denko K.K.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/03/2020	SUMCO Corp.	Annual	Against	2,3	Concerns about overall board structure
26/03/2020	Sumitomo Rubber Industries, Ltd.	Annual	Against	2,10	Concerns about overall board structure
26/03/2020	Trend Micro, Inc.	Annual	All For		
27/03/2020	AGC, Inc. (Japan)	Annual	All For		
27/03/2020	ASICS Corp.	Annual	Against	3,1,3,2 9	Concerns about overall performance Poison pill/anti-takeover measure not in Investors interests
27/03/2020	Canon, Inc.	Annual	Against	2,1	
27/03/2020	Dentsu Group, Inc.	Annual	All For		
27/03/2020	Ebara Corp.	Annual	All For		
27/03/2020	Kagome Co., Ltd.	Annual	Against	5	Insufficient basis to support a decision
27/03/2020	Kirin Holdings Co., Ltd.	Annual	Against	9,2	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
27/03/2020	Kobayashi Pharmaceutical Co., Ltd.	Annual	All For		
27/03/2020	KOKUYO CO., LTD.	Annual	All For		
27/03/2020	Lion Corp.	Annual	All For		
27/03/2020	Mabuchi Motor Co., Ltd.	Annual	All For		
27/03/2020	Nippon Electric Glass Co., Ltd.	Annual	Against	2,7 2,1,2,2	Concerns about overall board structure Concerns about overall performance
27/03/2020	Nisshinbo Holdings Inc.	Annual	Against	1,1,1,2	Concerns about overall performance
27/03/2020	OTSUKA CORP.	Annual	Against	2,1	Concerns about overall board structure
27/03/2020	Otsuka Holdings Co., Ltd.	Annual	Against	1,1 1,12	Concerns about overall board structure Lack of independence on board
27/03/2020	Peptidream Inc.	Annual	Against	1,1	Concerns related to approach to board diversity
27/03/2020	Pigeon Corp.	Annual	All For		
27/03/2020	Pilot Corp.	Annual	Against	2,3 4	Concerns about overall board structure Poison pill/anti-takeover measure not in Investors interests
27/03/2020	Rakuten, Inc.	Annual	Against	4 2,4,3,1 1	Apparent failure to link pay & appropriate performance Concerns about overall board structure Concerns to protect shareholder value
27/03/2020	Renesas Electronics Corp.	Annual	Against	3	Apparent failure to link pay and appropriate performance
27/03/2020	Sapporo Holdings Ltd.	Annual	Against	3,6,4,2 3,1 9	Concerns about overall board structure Concerns about overall performance Poison pill/anti-takeover measure not in Investors interests
27/03/2020	Skyark Holdings Co., Ltd.	Annual	All For		
27/03/2020	Suntory Beverage & Food Ltd.	Annual	All For		
27/03/2020	The Yokohama Rubber Co., Ltd.	Annual	Against	2,1	Concerns related to approach to board diversity
27/03/2020	Tokai Carbon Co., Ltd.	Annual	Against	2,1	Concerns related to approach to board diversity
27/03/2020	Toyo Tire Corp.	Annual	Against	3,9 3,1	Concerns about overall board structure Concerns related to approach to board diversity
27/03/2020	Yamazaki Baking Co., Ltd.	Annual	Against	3,14 5	Concerns about overall board structure Insufficient/poor disclosure
28/03/2020	Horiba, Ltd.	Annual	Against	1,6	Lack of independence on board
30/03/2020	Chugai Pharmaceutical Co., Ltd.	Annual	All For		
30/03/2020	GMO Internet, Inc.	Annual	Against	3,2 2,1	Concerns about overall board structure
30/03/2020	GungHo Online Entertainment, Inc.	Annual	Against	1,1	Concerns about overall board structure Poison pill/anti-takeover measure not in Investors interests
20/01/2020	Mapletree North Asia Commercial Trust	Special	All For		Concerns related to approach to board diversity
29/01/2020	Frasers Property Ltd.	Annual	Against	7 6 3d	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitments
04/02/2020	Genting Singapore Limited	Special	Against	2,3	Concerns to protect shareholder value
21/02/2020	Mapletree Logistics Trust	Special	All For		
02/01/2020	HANWHA SOLUTIONS CORP.	Special	Against	2	Lack of independence on board. Company has also not disclosed information about post-election board composition, meaning it is unknown which of the incumbent directors will be replaced.
07/01/2020	Korea Gas Corp.	Special	Against	2	Concerns related to inappropriate membership of committees
10/01/2020	Kangwon Land, Inc.	Special	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
07/02/2020	Coway Co., Ltd.	Special	All For		
13/03/2020	DB Insurance Co., Ltd.	Annual	Against	2,4	Inappropriate bundling of election of directors on a single vote
13/03/2020	Kumho Petrochemical Co., Ltd.	Annual	All For		
18/03/2020	Hyundai Mobis Co., Ltd.	Annual	All For		
18/03/2020	Samsung Electro-Mechanics Co., Ltd.	Annual	All For		
18/03/2020	Samsung Electronics Co., Ltd.	Annual	All For		
18/03/2020	Samsung Electronics Co., Ltd.	Annual	All For		
18/03/2020	Samsung SDI Co., Ltd.	Annual	All For		
18/03/2020	Samsung SDS Co., Ltd.	Annual	All For		
19/03/2020	Cheil Worldwide, Inc.	Annual	All For		
19/03/2020	Hotel Shilla Co., Ltd.	Annual	Against	3	Apparent failure to link pay and appropriate performance
19/03/2020	HYUNDAI ENGINEERING & CONSTRUCTION CO	Annual	Against	2.1,2.2,3.1,3.2	Concerns related to approach to board diversity
19/03/2020	Hyundai GLOVIS Co., Ltd.	Annual	Against	4.2	Concerns about candidate's experience/skills
19/03/2020	Hyundai Motor Co., Ltd.	Annual	Against	3.1,3.3	Lack of independence on board
19/03/2020	ORION Corp. (Korea)	Annual	All For	3.1,4	Concerns related to approach to board diversity
19/03/2020	ORION Corp. (Korea)	Annual	All For		
19/03/2020	S-1 Corp. (Korea)	Annual	Against	2	Inappropriate bundling of election of directors on a single vote
19/03/2020	Samsung Card Co., Ltd.	Annual	Against	2.3,2.4,4.1,4.2	Concerns about overall performance
19/03/2020	Samsung Engineering Co., Ltd.	Annual	All For		
19/03/2020	Samsung Life Insurance Co., Ltd.	Annual	All For		
20/03/2020	Amorepacific Corp.	Annual	All For		
20/03/2020	AmorePacific Group, Inc.	Annual	All For		
20/03/2020	BNK Financial Group, Inc.	Annual	All For		
20/03/2020	DONGSUH Cos., Inc.	Annual	Against	1	Inappropriate bundling of election of directors on a single vote
20/03/2020	GS Retail Co., Ltd.	Annual	Against	2,4	Lack of independence on board
20/03/2020	Hana Financial Group, Inc.	Annual	All For		
20/03/2020	Hanmi Pharmaceutical Co., Ltd.	Annual	All For		
20/03/2020	Hanmi Science Co., Ltd.	Annual	All For		
20/03/2020	Hanssem Co., Ltd.	Annual	Against	6	Apparent failure to link pay and appropriate performance
20/03/2020	HITEJINRO Co., Ltd.	Annual	Against	3	Inappropriate bundling of election of directors on a single vote
20/03/2020	HYUNDAI MARINE & FIRE INSURANCE Co., Ltd.	Annual	Against	2	Inappropriate bundling of election of directors on a single vote
20/03/2020	KB Financial Group, Inc.	Annual	All For		
20/03/2020	Korea Investment Holdings Co., Ltd.	Annual	All For		
20/03/2020	Korea Zinc Co., Ltd.	Annual	All For		
20/03/2020	LG Chem Ltd.	Annual	Against	2.1,2.2	Lack of independence on board
20/03/2020	LG Display Co., Ltd.	Annual	All For		
20/03/2020	LG Household & Health Care Ltd.	Annual	Against	3	Concerns related to approach to board diversity
20/03/2020	LG Uplus Corp.	Annual	All For	2.1	Concerns related to approach to board diversity
20/03/2020	Mando Corp.	Annual	Abstain	2.2	Lack of independence on board
20/03/2020	Nongshim Co., Ltd.	Annual	All For	3,4	Cumulative/slate voting in favour of individual candidates/slates
20/03/2020	Samsung BioLogics Co., Ltd.	Annual	Against	3	Apparent failure to link pay and appropriate performance
20/03/2020	Samsung BioLogics Co., Ltd.	Annual	Against	2.1	Concerns regarding audit quality 2- Concerns to protect shareholder value
20/03/2020	Samsung C&T Corp.	Annual	All For		
20/03/2020	Samsung Fire & Marine Insurance Co., Ltd.	Annual	Against	2.2	Concerns related to approach to board diversity
20/03/2020	Samsung Heavy Industries Co., Ltd.	Annual	All For		
20/03/2020	Samsung Securities Co., Ltd.	Annual	All For		
20/03/2020	SK hynix, Inc.	Annual	All For		
20/03/2020	Yuhan Corp.	Annual	Against	2	Concerns to protect shareholder value
23/03/2020	Harwha Life Insurance Co., Ltd.	Annual	Against	2	Inappropriate bundling of election of directors on a single vote
23/03/2020	Hyundai Construction Equipment Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
23/03/2020	Hyundai Mipo Dockyard Co., Ltd.	Annual	All For		
24/03/2020	Doosan Bobcat, Inc.	Annual	All For		
24/03/2020	Doosan Infracore Co., Ltd.	Annual	All For		
24/03/2020	HANWHA SOLUTIONS CORP.	Annual	All For		
24/03/2020	Kia Motors Corp.	Annual	Against	3.3	Concerns related to approach to board diversity
24/03/2020	Korea Shipbuilding & Offshore Engineering Co., Ltd.	Annual	All For		
24/03/2020	LOTTE Fine Chemical Co., Ltd.	Annual	Against	2	Concerns related to approach to board diversity 2- Inappropriate bundling of election of directors on a single vote
25/03/2020	BGF Co., Ltd.	Annual	Against	3	Apparent failure to link pay and appropriate performance
25/03/2020	BGF Retail Co., Ltd.	Annual	All For		
25/03/2020	Daewoo Engineering & Construction Co. Ltd.	Annual	All For		
25/03/2020	DAEWOO SHIPBUILDING & MARINE ENGINEERING	Annual	Against	3.1	Lack of independence on board
25/03/2020	Doosan Fuel Cell Co., Ltd.	Annual	Against	3	Apparent failure to link pay and appropriate performance
25/03/2020	Doosan Solus Co. Ltd.	Annual	All For		
25/03/2020	E-Mart, Inc.	Annual	All For		
25/03/2020	Hanon Systems	Annual	Against	3.4	Inappropriate bundling of election of directors on a single vote
25/03/2020	Hamwha Aerospace Co., Ltd.	Annual	All For		
25/03/2020	HDC Holdings Co., Ltd.	Annual	All For		
25/03/2020	Hyundai Department Store Co., Ltd.	Annual	All For		
25/03/2020	Hyundai Development Co.	Annual	All For		
25/03/2020	Hyundai Heavy Industries Holdings Co., Ltd.	Annual	All For		
25/03/2020	Hyundai Steel Co.	Annual	All For		
25/03/2020	Hyundai WIA Corp.	Annual	Against	3.2,4.1	Concerns about candidate's experience/skills
25/03/2020	Industrial Bank of Korea	Annual	Against	2.3	Lack of independence on board
25/03/2020	Kakao Corp.	Annual	Against	2.5	Apparent failure to link pay and appropriate performance
25/03/2020	Lotte Chemical Corp.	Annual	Against	4	Concerns related to attendance at board or committee meetings 2- Concerns related to minority shareholder interest 3- Concerns to protect shareholder value
25/03/2020	LS Corp.	Annual	Against	3	Inappropriate bundling of election of directors on a single vote
25/03/2020	MIRAE ASSET DAEWOO CO., LTD.	Annual	Against	4	Inappropriate bundling of election of directors on a single voteLack of independence on board
25/03/2020	NCsoft Corp.	Annual	All For		Apparent failure to link pay and appropriate performance
25/03/2020	NH Investment & Securities Co., Ltd.	Annual	Against	4	Inappropriate bundling of election of directors on a single vote
25/03/2020	OCI Co., Ltd.	Annual	All For		Concerns related to inappropriate membership of committees
25/03/2020	Shinsegae Co., Ltd.	Annual	All For		
25/03/2020	SK Holdings Co., Ltd.	Annual	Against	3.3	Concerns related to approach to board diversity
25/03/2020	SK Networks Co., Ltd.	Annual	Against	4	Concerns related to inappropriate membership of committeesConcerns about candidate's experience/skills
25/03/2020	Woori Financial Group, Inc.	Annual	Against	3.2	Lack of independence on board
26/03/2020	DGB Financial Group Co., Ltd.	Annual	All For	3.4	Concerns about candidate's experience/skills 2- Concerns to protect shareholder value
26/03/2020	KEPCO Plant Service & Engineering Co., Ltd.	Annual	All For		
26/03/2020	KEPCO Plant Service & Engineering Co., Ltd.	Annual	Against	3.4	Apparent failure to link pay and appropriate performance
26/03/2020	LG Electronics, Inc.	Annual	Against	3	Inappropriate bundling of election of directors on a single vote
26/03/2020	S-Oil Corp.	Annual	All For		
26/03/2020	Shinhan Financial Group Co., Ltd.	Annual	Against	3.1	Concerns about candidate's experience/skills 2- Concerns about overall performance
26/03/2020	SillaJen, Inc.	Annual	All For	3.2,3.4,3.8	Concerns about overall performance
26/03/2020	SK Innovation Co., Ltd.	Annual	All For		
26/03/2020	SK Telecom Co., Ltd.	Annual	All For		
27/03/2020	Celltrion Healthcare Co., Ltd.	Annual	Against	5	Apparent failure to link pay and appropriate performance
27/03/2020	Celltrion, Inc.	Annual	Against	2.5	Concerns related to attendance at board or committee meetings
27/03/2020	CJ CheilJedang Corp.	Annual	All For	2.1	Concerns related to approach to board diversity
27/03/2020	CJ ENM Co., Ltd.	Annual	Against	3.2,4.1	Concerns about candidate's experience/skills

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
27/03/2020	Daelim Industrial Co., Ltd.	Annual	All For		
27/03/2020	FLA Holdings Corp.	Annual	Against	2	Inappropriate bundling of election of directors on a single vote
27/03/2020	GS Engineering & Construction Corp.	Annual	All For		
27/03/2020	GS Holdings Corp.	Annual	Against	2	Inappropriate bundling of election of directors on a single vote
27/03/2020	Hankook Tire & Technology Co., Ltd.	Annual	All For		
27/03/2020	KCC Corp.	Annual	All For		
27/03/2020	Korea Aerospace Industries Ltd.	Annual	All For		
27/03/2020	Korea Electric Power Corp.	Annual	All For		
27/03/2020	Korea Gas Corp.	Annual	Against	2	Apparent failure to link pay and appropriate performance
27/03/2020	Korean Air Lines Co., Ltd.	Annual	Against	3.1 3.2	Concerns about candidate's experience/skills 2- Concerns about overall performance Concerns about overall performanceConcerns about candidate's experience/skills
27/03/2020	LG Corp.	Annual	All For		
27/03/2020	Lotte Corp.	Annual	Against	3.1,2 3.1.1 3.2.1,3.2.2,3.2.3,3.2.4,4.1,4.2	Concerns about candidate's experience/skills 2- Concerns about overall performance Concerns about candidate's experience/skills 2- Concerns about overall performance 3- Overboarded/Too many other time commitments Concerns about overall performance
27/03/2020	Lotte Shopping Co., Ltd.	Annual	Against	3.3,3.4,4.1	Concerns about overall performanceConcerns about candidate's experience/skills
27/03/2020	Medy-Tox, Inc.	Annual	All For		
27/03/2020	NAVER Corp.	Annual	All For		
27/03/2020	Netmarble Corp.	Annual	Against	2.2	Lack of independence on board
27/03/2020	OTTOGI Corp.	Annual	All For		
27/03/2020	Paradise Co., Ltd.	Annual	Against	4	Apparent failure to link pay and appropriate performance
27/03/2020	POSCO	Annual	Against	4	Concerns related to approach to board diversity
27/03/2020	SSANGYONG CEMENT INDUSTRIAL Co., Ltd.	Annual	Against	2,3	Inappropriate bundling of election of directors on a single vote
30/03/2020	CJ Corp.	Annual	Against	2,3,3.2	Concerns related to attendance at board or committee meetings
30/03/2020	CJ Logistics Corp.	Annual	Against	2	Inappropriate bundling of election of directors on a single vote
30/03/2020	Coway Co., Ltd.	Annual	Against	2	Apparent failure to link pay and appropriate performance
30/03/2020	Doosan Corp.	Annual	All For		
30/03/2020	Doosan Heavy Industries & Construction Co., Ltd.	Annual	Against	3.2,4 2	Concerns about overall performanceConcerns about candidate's experience/skills Concerns to protect shareholder value
30/03/2020	HLB Co., Ltd.	Annual	Against	5	Apparent failure to link pay and appropriate performance
30/03/2020	Kangwon Land, Inc.	Annual	All For		
30/03/2020	NHN Corp.	Annual	Against	6	Apparent failure to link pay and appropriate performance
30/03/2020	POSCO Chemical Co., Ltd.	Annual	Against	6	Apparent failure to link pay and appropriate performance
30/03/2020	POSCO INTERNATIONAL Corp.	Annual	All For		
30/03/2020	SKC Co., Ltd.	Annual	All For		
31/03/2020	Helixmith Co., Ltd.	Annual	Against	2	Concerns to protect shareholder value
31/03/2020	KT&G Corp.	Annual	All For		
22/01/2020	Northern Star Resources Ltd.	Special	Against	2,3,4 1	Concerns to protect shareholder value Concerns to protect shareholder value
20/02/2020	Aristocrat Leisure Limited	Annual	Against	5	Apparent failure to link pay and appropriate performance
27/03/2020	Credicorp Ltd.	Annual	Against	3.6 3.8	Concerns about candidate's experience/skills 2- Concerns about overall board structure Concerns about candidate's experience/skills 2- Concerns about overall board structure
06/03/2020	Transmissora Alianca de Energia Eletrica SA	Special	All For		
10/03/2020	Banco Bradesco SA	Annual	Abstain Against	8 4,6,7,1,7,2,7.3,7.4,7.5,7.6,7.7,7.8,7.9,7.10 10 5,2,5,3,5,4,5,5,5,6,5,7,5,8	Cumulative/slate voting in favour of individual candidates/slates Insufficient/poor disclosure Lack of independence on board
10/03/2020	Banco Bradesco SA	Annual	Against	1	
10/03/2020	Banco Bradesco SA	Annual	Against	5	
10/03/2020	Banco Bradesco SA	Special	All For		
30/03/2020	Cia Energetica de Sao Paulo	Annual	Against	1	

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
31/03/2020	EDP Energias do Brasil SA	Annual	Abstain Against	7,11,12,1,12,2,12,3,12,4,12,5,12,6,12,7,12,8,10	Insufficient/poor disclosure Insufficient/poor disclosure Lack of Independence on board
31/03/2020	EDP Energias do Brasil SA	Special	All For	9	
31/03/2020	Porto Seguro SA	Annual	Abstain Against	6,9,10,1,10,2,10,3,10,4,10,5,10,6,10,7,8,12	Insufficient/poor disclosure Insufficient/poor disclosure Lack of Independence on board
31/03/2020	Porto Seguro SA	Special	All For	7	
16/01/2020	Tingyi (Cayman Islands) Holding Corp.	Special	All For		
13/02/2020	Semiconductor Manufacturing International Corp.	Special	Against	3,4,5	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
08/01/2020	Industrial & Commercial Bank of China Ltd.	Special	All For	1	
16/01/2020	Jiangsu Hengrui Medicine Co., Ltd.	Special	All For		
25/02/2020	Jiangsu Expressway Company Limited	Special	All For		
13/03/2020	Midea Group Co. Ltd.	Special	All For		
17/03/2020	Gree Electric Appliances, Inc. of Zhuhai	Special	All For		
20/03/2020	Kwelchow Moutai Co., Ltd.	Special	All For		
25/03/2020	China Petroleum & Chemical Corp.	Special	All For		
15/03/2020	Commercial International Bank (Egypt) SAE	Annual	All For		
15/03/2020	Commercial International Bank (Egypt) SAE	Special	All For		
09/01/2020	Axis Bank Limited	Special	All For		
18/03/2020	Hindustan Unilever Limited	Special	All For		
18/02/2020	PT Bank Rakyat Indonesia (Persero) Tbk	Annual	Against	5	Insufficient/poor disclosure
19/02/2020	PT Bank Mandiri (Persero) Tbk	Annual	Against	5	Insufficient/poor disclosure
20/02/2020	PT Bank Negara Indonesia (Persero) Tbk	Annual	All For		
20/02/2020	Plus500 Ltd.	Special	Against	A,1,2	Administrative declaration Apparent failure to link pay and appropriate performance
11/02/2020	Tenaga Nasional Bhd.	Court	All For		
17/03/2020	Coca-Cola FEMSA SAB de CV	Annual	Against	4,5	Insufficient/poor disclosure
20/03/2020	Fomento Economico Mexicano SAB de CV	Annual	Against	4	Concerns about overall board structure 2- Lack of independence on board
20/03/2020	Fomento Economico Mexicano SAB de CV	Annual	Against	4,5	Inappropriate bundling of election of directors on a single vote 2- Insufficient/poor disclosure
24/03/2020	Wal-Mart de Mexico SAB de CV	Annual	Against	4	Apparent failure to link pay and appropriate performance
26/03/2020	CEMEX SAB de CV	Annual	All For		
30/03/2020	Grupo Financiero Banorte SAB de CV	Special	All For		
30/03/2020	Guaranty Trust Bank Plc	Annual	Against	4	Insufficient/poor disclosure
05/03/2020	Polski Koncern Naftowy ORLEN SA	Special	Against	7,1,7,2,7,3	Insufficient/poor disclosure
25/03/2020	Polskie Gornictwo Naftowe i Gazownictwo SA	Special	All For		
27/03/2020	mBank SA	Annual	Against	8,29,8,30,8,31,8,32	Insufficient/poor disclosure
14/02/2020	Mobile TeleSystems PJSC	Special	All For		
30/01/2020	Clicks Group Ltd.	Annual	All For		
11/02/2020	Spar Group Ltd.	Annual	Against	6	Apparent failure to link pay and appropriate performance
20/02/2020	Redefine Properties Ltd.	Annual	Against	11,4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
24/01/2020	Airports of Thailand Public Co. Ltd.	Annual	Against	8	Insufficient/poor disclosure
13/03/2020	Yapı ve Kredi Bankası AS	Annual	Against	9,5,7,3	Insufficient/poor disclosure Issue of capital raises concerns about excessive dilution of existing shareholders Lack of Independence on board Lack of Independence on board
16/03/2020	Ford Otomotiv Sanayi AS	Annual	Against	11,13,9,5	Insufficient/poor disclosure Lack of Independence on board Lack of Independence on board
18/03/2020	Tofas Turk Otomobil Fabrikası AS	Annual	Against	9,11,7	Insufficient/poor disclosure Lack of Independence on board

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
23/03/2020	Akbank TAS	Annual	Against	7,8	Insufficient/poor disclosure
23/03/2020	TAV Havaalanlari Holding AS	Annual	All For		
25/03/2020	Arçelik AS	Annual	Against	11	Insufficient/poor disclosure
26/03/2020	Haci Omer Sabanci Holding AS	Annual	Against	9	Insufficient/poor disclosure
26/03/2020	Tekfen Holding AS	Annual	Against	8,9,12	Insufficient/poor disclosure
27/03/2020	Enka Insaat ve Sanayi AS	Annual	Against	7	Insufficient/poor disclosure
27/03/2020	Turkiye Sise ve Cam Fabrikalari AS	Annual	All For		
31/03/2020	Turk Hava Yollari AO	Annual	Against	5,6,10	Insufficient/poor disclosure
31/03/2020	Turkiye Is Bankasi AS	Annual	Against	9	Concerns about reducing shareholder rights
24/02/2020	First Abu Dhabi Bank PJSC	Annual	Against	7,8,12	Insufficient/poor disclosure
24/03/2020	Emirates Telecommunications Group Co, PJSC	Annual	Against	9	Concerns about reducing shareholder rights
26/02/2020	Novozymes A/S	Annual	Against	2,3	Concerns to protect shareholder value
02/03/2020	Orsted A/S	Annual	All For	5,6	Insufficient/poor disclosure
10/03/2020	Damant A/S	Annual	Abstain	8	Insufficient/poor disclosure
11/03/2020	GN Store Nord A/S	Annual	Abstain	9b	Issue of capital raises concerns about excessive dilution of existing shareholders
11/03/2020	Pandora AS	Annual	Abstain	5	Insufficient/poor disclosure
16/03/2020	Carlsberg A/S	Annual	All For	8,11	Apparent failure to link pay and appropriate performance
16/03/2020	DSV Panalpina A/S	Annual	All For		
17/03/2020	Danske Bank A/S	Annual	All For		
23/03/2020	A.P. Moller-Maersk A/S	Annual	Against	6d	Overboarded/Too many other time commitments
24/03/2020	H. Lundbeck A/S	Annual	Abstain	7c	Apparent failure to link pay & appropriate performance
26/03/2020	Genmab A/S	Annual	Against	4c	Overboarded/Too many other time commitments
26/03/2020	Novo Nordisk A/S	Annual	All For	4a	Overboarded/Too many other time commitments
30/03/2020	Tryg A/S	Annual	Abstain	7b	Concerns related to approach to board diversity
25/02/2020	Kone Oyj	Annual	Against	4f	Apparent failure to link pay and appropriate performance
05/03/2020	Wartsila Oyj Abp	Annual	All For	6b	Overboarded/Too many other time commitments
31/03/2020	UPM-Kymmene Oyj	Annual	Against	6a	Apparent failure to link pay & appropriate performance
21/01/2020	Sodexo SA	Annual/Special	Against	12	Concerns related to inappropriate service contract(s)
31/01/2020	ThyssenKrupp AG	Annual	All For	15	Concerns related to inappropriate service contract(s)
05/02/2020	Siemens AG	Annual	Against	6	Apparent failure to link pay & appropriate performance
11/02/2020	TUI AG	Annual	Against	7	Concerns to protect shareholder value.
12/02/2020	Siemens Healthineers AG	Annual	All For	9	Apparent failure to link pay & appropriate performance
14/02/2020	METRO AG	Annual	All For	8,1	Lack of independence on board
18/02/2020	OSRAM Licht AG	Annual	All For		
20/02/2020	Infineon Technologies AG	Annual	All For		
21/01/2020	Jumbo SA	Special	All For		
31/01/2020	Eurobank Ergasias Services & Holdings SA	Special	All For		
20/02/2020	Follis Follie SA	Special	Against	3	Inappropriate bundling of election of directors on a single vote
20/02/2020	Hellenic Petroleum SA	Special	All For	5,8	Insufficient/poor disclosure
20/02/2020	Hellenic Telecommunications Organization SA	Special	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
27/03/2020	Mytilneos SA	Special	All For		
28/01/2020	Greencore Group Plc	Annual	Against	3 4	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance
28/01/2020	UDG Healthcare Plc	Annual	Against	3b 4d	Apparent failure to link pay & appropriate performance Concerns related to approach to board diversity
30/01/2020	Accenture Plc	Annual	All For		
04/02/2020	Trane Technologies Plc	Special	All For		
04/03/2020	Johnson Controls International Plc	Annual	Against	5	Apparent failure to link pay & appropriate performance
10/01/2020	Mediaset SpA	Special	Against	1c	Concerns about remuneration committee performance
18/02/2020	FinecoBank SpA	Special	All For	1	Concerns about reducing shareholder rights
20/03/2020	Infrastrutture Wireless Italiane SpA	Special	Against	1,1.2,1.2,1.3	
27/03/2020	Davide Campari-Milano SpA	Annual/Special	Against	1 3l,3i 4 6 A 5	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance Concerns about reducing shareholder rights Insufficient/poor disclosure Issue of equity raises concerns about excessive dilution of existing shareholders
08/01/2020	Spotify Technology SA	Special	All For		
09/01/2020	Just Eat Takeaway.com NV	Special	All For		
14/01/2020	Adyen NV	Special	All For		
24/03/2020	Randstad NV	Annual	Against	2b,4a	Apparent failure to link pay and appropriate performance
26/03/2020	Gjensidige Forsikring ASA	Annual	All For		
13/03/2020	Banco Bilbao Vizcaya Argentaria SA	Annual	All For		
13/03/2020	Mapfre SA	Annual	Against	9,10	Apparent failure to link pay and appropriate performance
19/03/2020	Bankinter SA	Annual	All For		
25/03/2020	Banco de Sabadell SA	Annual	Against	7	Apparent failure to link pay & appropriate performance
26/03/2020	EDP Renovaveis SA	Annual	Against	5	Apparent failure to link pay & appropriate performance
27/03/2020	Bankia SA	Annual	Against	9	Concerns to protect shareholder value
21/02/2020	Electrolux AB	Special	All For	5 4	Issue of capital raises concerns about excessive dilution of existing shareholders Issue of capital raises concerns about excessive dilution of existing shareholders
19/03/2020	Castellum AB	Annual	All For		
25/03/2020	Svenska Handelsbanken AB	Annual	Against	17g 17a 17f,18 17c	Lack of independence on board Lack of independence on board Lack of independent representation at board committees Lack of independence on board Overboarded/Too many other time commitments Lack of independence on board Overboarded/Too many other time commitments Lack of independent representation at board committees
26/03/2020	Skanska AB	Annual	Against	14,b,14,d	Overboarded/Too many other time commitments
26/03/2020	SKF AB	Annual	Against	17	Insufficient/poor disclosure
31/03/2020	Electrolux AB	Annual	Against	16,17,c	Apparent failure to link pay and appropriate performance
31/03/2020	Lundin Petroleum AB	Annual	Against	15,b	Lack of independence on board
31/03/2020	Svenska Cellulosa AB	Annual	Against	12,j 13 12,b	Lack of independent representation at board committees Overboarded/Too many other time commitments Overboarded/Too many other time commitments
31/03/2020	Telefonaktiebolaget LM Ericsson	Annual	Against	17,1,17.2,17.3 11.2 23	Apparent failure to link pay and appropriate performance Overboarded/Too many other time commitments Shareholder proposal promotes efficient capital structure
28/02/2020	Novartis AG	Annual	Against	6,6,8	Concerns regarding Auditor tenure
11/03/2020	TE Connectivity Ltd.	Annual	Against	8 11,3a 15 13	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value Issue of capital raises concerns about excessive dilution of existing shareholders
17/03/2020	Roche Holding AG	Annual	Against	2,2,7 5,1 5,2 10 6	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversity Concerns related to inappropriate membership of committees Insufficient/poor disclosure Performance-related pay/awards for non-executives

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
19/03/2020	DKSH Holding AG	Annual	Against	8	Insufficient/poor disclosure
19/03/2020	Schindler Holding AG	Annual	Against	5.1,8 4.1 6 5.1,5.2,5.3.1,5.3.2,5.3.4,5.3.7,5.3.8 5.3.3,5.3.9 5.4.1,5.4.3	Overboarded/Too many other time commitments Apparent failure to link pay and appropriate performance Insufficient/poor disclosure Lack of independence on board Lack of independence on board Lack of independent representation at board committees Lack of independent representation at board committees
24/03/2020	SGS SA	Annual	Against	4.1g 6 4.3.1,4.3.2	Concerns related to approach to board diversity Insufficient/poor disclosure Lack of independent representation at board committees
24/03/2020	Swiss Prime Site AG	Annual	Against	7	Insufficient/poor disclosure
25/03/2020	Gvaudan SA	Annual	Against	7	Insufficient/poor disclosure
26/03/2020	ABB Ltd.	Annual	Against	2 7,10 11	Apparent failure to link pay & appropriate performance Concerns related to approach to board diversity Insufficient/poor disclosure
28/01/2020	Metro Inc.	Annual	All For		
29/01/2020	CGI Inc.	Annual	Against	3	Shareholder proposal promotes transparency
11/02/2020	Power Financial Corporation	Special	Against	1	Concerns about reducing shareholder rights
31/03/2020	Bank of Montreal	Annual	All For		
08/01/2020	Acuity Brands, Inc.	Annual	Against	3 1b 1h	Apparent failure to link pay and appropriate performance. Concerns related to approach to board diversity. Concerns related to inappropriate membership of committees.
14/01/2020	Jacobs Engineering Group Inc.	Annual	Against	2 1j	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
14/01/2020	Ovintiv, Inc.	Special	Against	2	Insufficient/poor disclosure
16/01/2020	Micron Technology, Inc.	Annual	All For		
22/01/2020	Costco Wholesale Corporation	Annual	All For		
22/01/2020	D.R. Horton, Inc.	Annual	Against	2	Apparent failure to link pay & appropriate performance
23/01/2020	Air Products and Chemicals, Inc.	Annual	Against	2	Apparent failure to link pay and appropriate performance
23/01/2020	DaVita Inc.	Special	All For	1g	Concerns about remuneration committee performance
23/01/2020	Intuit Inc.	Annual	All For		
23/01/2020	Jabil, Inc.	Annual	Against	3 1,9	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
28/01/2020	Becton, Dickinson and Company	Annual	Against	3 1,7 6	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
28/01/2020	Hormel Foods Corporation	Annual	Against	3 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
28/01/2020	Visa Inc.	Annual	Against	2	Apparent failure to link pay & appropriate performance
29/01/2020	Aramark	Annual	Against	3	Apparent failure to link pay and appropriate performance
30/01/2020	Ashland Global Holdings, Inc.	Annual	Against	1a 3	Concerns about remuneration committee performance Apparent failure to link pay and appropriate performance.
30/01/2020	Liberty Property Trust	Special	All For	1,11	Concerns about remuneration committee performance.
30/01/2020	Walgreens Boots Alliance, Inc.	Annual	Against	3 4,6	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
31/01/2020	WestRock Company	Annual	Against	2 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
04/02/2020	Emerson Electric Co.	Annual	Against	3	Apparent failure to link pay and appropriate performance
04/02/2020	Rockwell Automation, Inc.	Annual	Against	B	Apparent failure to link pay and appropriate performance
04/02/2020	Tiffany & Co.	Special	All For		
05/02/2020	Atmos Energy Corporation	Annual	Against	3 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
06/02/2020	Tyson Foods, Inc.	Annual	Abstain Against	4 3 1b 1k 1j 7 5,6	Resolution withdrawn Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to attendance at board or committee meetings Concerns to protect shareholder value Shareholder proposal promotes appropriate accountability or incentivisation Shareholder proposal promotes transparency
11/02/2020	Franklin Resources, Inc.	Annual	Against	4 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
12/02/2020	PTC Inc.	Annual	Against	2 1,1	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversity
13/02/2020	Varian Medical Systems, Inc.	Annual	Against	2 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/02/2020	Raymond James Financial, Inc.	Annual	Against	2 1,8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
26/02/2020	Apple Inc.	Annual	Against	5 6 4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
26/02/2020	Deere & Company	Annual	Against	3 2 1j 1f	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights Concerns about remuneration committee performance Concerns related to approach to board diversity
27/02/2020	Digital Realty Trust, Inc.	Special	All For		
03/03/2020	Heinrich & Payne, Inc.	Annual	Against	3 1g 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
05/03/2020	AmerisourceBergen Corporation	Annual	Against	3 1,8 5	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
05/03/2020	Hologic, Inc.	Annual	Against	2 1,4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
10/03/2020	QUALCOMM Incorporated	Annual	Against	4	Apparent failure to link pay & appropriate performance
10/03/2020	Toll Brothers, Inc.	Annual	Against	3 1,8 1,3	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
11/03/2020	Analog Devices, Inc.	Annual	Against	2 1f	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
11/03/2020	The Walt Disney Company	Annual	Against	3 5	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
12/03/2020	Applied Materials, Inc.	Annual	Against	4	Concerns to protect shareholder value
12/03/2020	F5 Networks, Inc.	Annual	Against	4 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
18/03/2020	Starbucks Corporation	Annual	All For		
18/03/2020	The Cooper Companies, Inc.	Annual	All For		
19/03/2020	Keysight Technologies, Inc.	Annual	Against	1,1	Concerns related to approach to board diversity
20/03/2020	HEICO Corporation	Annual	Against	2 1,3	Apparent failure to link pay & appropriate performance 2- Concerns about remuneration committee performance Apparent failure to link pay & appropriate performance 2- Concerns about remuneration committee performance 3- Concerns related to approach to board diversity 4- Lack of independence on board
24/03/2020	TransDigm Group Incorporated	Annual	Against	2 4	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
30/03/2020	Broadcom Inc.	Annual	Against	3 1c	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
31/01/2020	Amdocs Limited	Annual	Against	1,3	Concerns related to approach to board diversity
25/02/2020	Sequoia Economic Infrastructure Income Fund Ltd.	Special	All For		
17/03/2020	PPHE Hotel Group Ltd.	Special	All For		
18/03/2020	UK Commercial Property REIT Ltd.	Special	All For		
06/02/2020	GVC Holdings Plc	Special	All For		
13/02/2020	GCP Infrastructure Investments Ltd.	Annual	All For		
13/02/2020	GCP Infrastructure Investments Ltd.	Special	All For		
15/01/2020	Diploma Plc	Annual	Against	11,12	Apparent failure to link pay and appropriate performance
17/01/2020	JPMorgan Japanese Investment Trust Plc	Annual	All For		
21/01/2020	Mitchells & Butlers Plc	Annual	Against	5 11	Lack of Independence on board. Lack of Independence on board.Concerns related to inappropriate membership of committees
22/01/2020	AJ Bell Plc	Annual	Against	7 18,19,20	Concerns related to approach to board diversity Concerns to protect shareholder value
22/01/2020	WH Smith Plc	Annual	All For		
23/01/2020	Countryside Properties Plc	Annual	Against	3 2	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance.
23/01/2020	Hyve Group Plc	Annual	Against	11 3	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
24/01/2020	Marston's Plc	Annual	All For		
28/01/2020	Euromoney Institutional Investor Plc	Annual	Against	11	Concerns related to inappropriate membership of committees.
28/01/2020	Virgin Money UK Plc	Annual	Against	2,3	Apparent failure to link pay and appropriate performance
30/01/2020	Schroder AsiaPacific Fund plc	Annual	All For		
31/01/2020	Britvic Plc	Annual	Against	7	Overboarded/Too many other time commitments
31/01/2020	Shaftesbury Plc	Annual	All For		
04/02/2020	Aon Plc	Court	All For		
04/02/2020	Aon Plc	Special	All For		
04/02/2020	The Scottish Investment Trust Plc	Annual	All For		
05/02/2020	Future Plc	Annual	All For		
05/02/2020	Grainger Plc	Annual	All For		
05/02/2020	Imperial Brands Plc	Annual	All For		
05/02/2020	JPMorgan Indian Investment Trust Plc	Annual	All For		
05/02/2020	JPMorgan Indian Investment Trust Plc	Special	All For		
06/02/2020	Compass Group Plc	Annual	All For		
06/02/2020	easyJet Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
06/02/2020	Vicrex Plc	Annual	All For		
07/02/2020	Brewin Dolphin Holdings Plc	Annual	All For		
10/02/2020	Investec Plc	Court	All For		
10/02/2020	Investec Plc	Special	All For		
11/02/2020	Cineworld Group Plc	Special	All For		
13/02/2020	Paragon Banking Group Plc	Annual	All For		
13/02/2020	Phoenix Group Holdings Plc	Special	All For		
20/02/2020	Integratin Holdings Plc	Annual	Against	11 8	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversity
25/02/2020	The Sage Group Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
26/02/2020	SSP Group Plc	Annual	All For		
26/02/2020	The Bankers Investment Trust Plc	Annual	All For		
28/02/2020	Flinsbury Growth & Income Trust Plc	Annual	All For		
03/03/2020	Aberforth Smaller Cos. Trust Plc	Annual	All For		
09/03/2020	TalkTalk Telecom Group Plc	Special	All For		
16/03/2020	Aston Martin Lagonda Global Holdings Plc	Special	All For		
18/03/2020	Safestore Holdings Plc	Annual	Against	13 2,14	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance
24/03/2020	Crest Nicholson Holdings Plc	Annual	Against	13,14	Apparent failure to link pay & appropriate performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
25/03/2020	Beazley Plc	Annual	All For		
25/03/2020	McCarthy & Stone Plc	Annual	Against	3	Apparent failure to link pay and appropriate performance
25/03/2020	Micro Focus International Plc	Annual	Against	4	Apparent failure to link pay & appropriate performance
				3	Apparent failure to link pay and appropriate performance
27/03/2020	St. Modwen Properties Plc	Annual	All For		
30/03/2020	Aston Martin Lagonda Global Holdings Plc	Special	All For		
30/03/2020	Smithson Investment Trust PLC	Annual	Against	15	Issue of capital raises concerns about excessive dilution of existing shareholders
30/03/2020	Temple Bar Investment Trust Plc	Annual	All For		



# ESG impact report

Q1 2020

Active ownership means using our scale and influence to bring about real, positive change to create sustainable investor value.

# Our mission

To use our influence to ensure that:

- 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.

# Our focus

To use our influence to ensure that:

## Holding boards to account

To be successful, companies need to have people at the helm who are well equipped to create resilient long-term growth. By voting and engaging directly with companies, we encourage management to control risks and benefit from emerging opportunities.

We seek to protect 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 prevent market behaviour that destroys long-term value creation.

LGIM wants to safeguard and grow our clients' assets by ensuring that companies are well positioned for sustainable growth. Our investment process includes an assessment of how well companies incorporate relevant ESG factors into their everyday thinking.

We engage directly and collaboratively with companies to highlight key challenges and opportunities, and to 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. In doing so, companies should become more resilient to change and therefore benefit the whole market.

We use our scale and influence to ensure that issues impacting the value of our clients' investments are recognised and appropriately managed. This includes working with key decision-makers such as governments and regulators, and collaborating with asset owners to bring about positive change.



# Action and impact

## LGIM's statement to investee companies

Legal & General Investment Management's (LGIM) Investment Stewardship team expressed, in a private letter, our support to all the companies we are a long-term investor in.

The COVID-19 (coronavirus) has strained our social and financial systems, and we encouraged companies to focus on shareholders and in addition their wider stakeholders, especially their employees, supply-chain relationships, the environment and the communities in which they operate.

We also indicated we would stand behind those companies that may be asked to temporarily refocus their efforts to support government responses and manufacture new products, even if this means no financial gain for the individual company.

On capital allocation matters, we expect boards to proceed in a manner that will ensure confidence, the long-term sustainability of the company and to support its stakeholders.

In relation to executive remuneration, we encourage boards to demonstrate restraint and discretion.

Lastly, as companies globally are meant to hold their annual shareholder meetings at this time of year, we expressed our trust in boards to make the appropriate judgements and demonstrate a willingness to ensure all shareholders, including retail shareholders, have the ability to be heard by the board, as they would do under normal circumstances. We also indicated our exceptional support for holding virtual shareholder meetings to limit disruption.

## LGIM rated as a leader in responsible investment

An independent report<sup>1</sup> released this quarter ranked LGIM third out of the world's 75 largest asset managers for our approach to responsible investment. One of only five worldwide to receive an A rating, LGIM was the highest rated among UK, index and the 15 largest global asset managers.

1. <https://shareaction.org/research-resources/poirt-of-no-returns/>

## Top-rated global asset managers for responsible investment

Fund	Strategy	Rank	Rating
Robeco	Active	1	A
BNP Paribas Asset Management	Active	2	A
Legal & General Investment Management	Passive	3	A
APG Asset Management	Active	4	A
Aviva Investors	Active	5	A

Source: ShareAction, 2020

Pensions and investment watchdog ShareAction ranked LGIM's firm-wide capabilities, from our own governance and investment offering, to our engagement and voting record on environmental and social issues (climate change, biodiversity, human rights).

Their review concluded that: "Legal & General Investment Management (LGIM), a predominantly passive investor, shows leading performance (ranked in the A category). This demonstrates that passive investors can have a leading approach to responsible investment." (ShareAction)

## Advocating for diversity through collaboration

We continue to work with other global investors to push for better representation and transparency on diversity policies in the US. During the quarter, our coalition of investors sent letters to 18 US companies with less than 20% women on the board, and where board tenure for some non-executive directors is above average. Our requests remain consistent. They are:

- to disclose skill sets in the proxy statement;
- to affirm commitment to diversity in governance policies;
- to incorporate procedures by which diverse candidates are identified;

- and to attest that director searches will consider suitable candidates beyond the executive suite.

As we receive responses, we shall engage further with these companies.

In the UK, the collaborative 30% Club UK Investor Group, which Clare Payn, Senior ESG & Diversity Manager chairs, sent out letters to over 120 companies that have either only one woman on the board for two years, less than 30% women on the board; or an all-male executive committee. The purpose of the letter is to remind the companies that we are looking to see a minimum of 30% women on the board, and that we also expect 30% representation on executive committees, by the end of 2020.

## Podcasts

We are committed to helping our clients understand more about ESG considerations for their portfolios. Our Investment Stewardship team produced two podcasts this quarter.

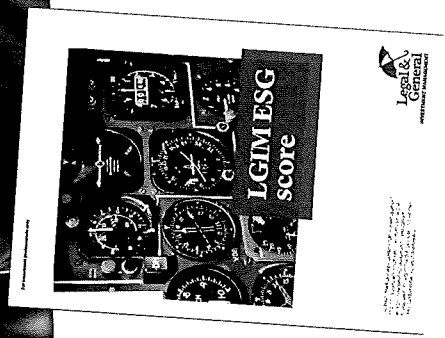
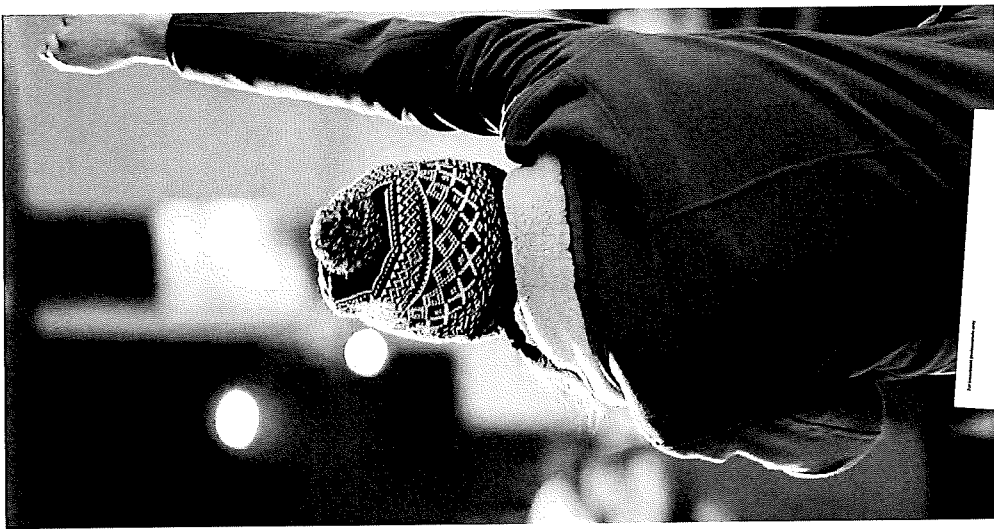
In the podcast 'Is the new Stewardship Code 2020 the greenwashing cure we've all been waiting for?', Jeannette Andrews, Senior Global Investment Stewardship Manager explains how the ambitious update to the UK Stewardship Code goes a long way to putting an end to greenwashing, and how it will become a lot more meaningful for an asset manager to be a signatory of the new code.

In the podcast 'Why corporate culture matters', Clare Payn, Senior Global ESG & Diversity Manager, explains why measuring a company's culture is so important for investors.

## LGIM ESG Score guide

A comprehensive guide to LGIM's proprietary ESG scores is now available on our website<sup>2</sup>. This guide sets out the methodology behind our scoring system, and includes the reasons why LGIM selected the 28 indicators which compose these scores. This level of transparency is aimed at helping our investee companies and all other interested stakeholders understand what the minimum standards in ESG are globally and how they can improve over time.

2. <https://www.lgim.com/uk/en/insights/podcast/>  
 3. <https://www.lgim.com/uk/en/capabilities/corporate-governance/assessing-companies-esg/>



# 2020 AGM season – LGIM's strengthened policies

This quarter, LGIM's Investment Stewardship team reviewed our *global and regional policies*<sup>4</sup> to ensure they remain aligned with the various evolving regulations, best practice and client feedback. We incorporated many of the suggestions from our Stakeholder Event held in November 2019, such as escalating voting sanctions against compensation committee chairs in the North American market, and also expecting more clarity from companies around audit quality and oversight of culture. We highlight below the main changes made to our policies for 2020:

## Escalating our position on combined chair and CEO roles

As we strengthened our voting policies, we decided to systematically escalate our position on *combined board chair and CEO functions*<sup>5</sup>. We announced our decision to vote against all companies where the board chair also serves as CEO from 2020 (excluding Japan, due to the unique features of this particular market).

## Case study

**Company name:** DTE Energy\*

**Sector:** Utilities **Market cap:** USD 19.15bn

**Country:** United States

**ESG score:** 39 (-)\*\*

## What did LGIM do?

We have had regular engagement calls with the company over the last three years, and have encouraged the company to put a lead independent director in place, as well as to separate the role of CEO and board chair in order to increase the independence and risk oversight at board level. During our most recent call with the company we learnt that they appointed a lead independent director in 2018 and had separated their CEO and board chair role in 2019. As our new voting policy comes into place this year, where we shall be voting against all combined CEO and board chairs in the US, this is a timely and positive change.

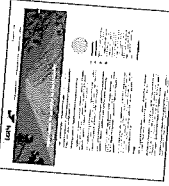
We believe that there is inherently a conflict when a single individual is tasked with exercising management duties and challenging management simultaneously. The separation of board chair and CEO roles provides a better balance of authority and responsibility, and aligns with the long-term interests of companies and investors, and ultimately also our clients.

LGIM has been engaging on this topic for many years in markets which allow a combination of the two functions. In 2018, we led an engagement campaign on the topic with 14 CAC 40 (French) companies and three IBEX 35 (Spanish) companies. In the North American market, we first escalated our position by putting in place a policy to systematically vote in favour of shareholder resolutions calling for an independent board chair, and have been voting against the chair of the nomination committee when roles have been recombined without prior shareholder approval.

We believe this new voting policy will have particular impact in the United States, France and Spain where combined roles are still common. Despite positive momentum in the United States, 47% of S&P 500 boards still have combined board chair and CEO roles<sup>6</sup>. In Spain 20% of IBEX 35 companies<sup>7</sup> and in France 53%<sup>8</sup> of CAC 40 companies have combined roles.

## Escalation of our position on the issue of female representation on Japanese boards

Following a campaign on gender diversity in Japan (2019) we decided to escalate our voting policy. We are now voting against all companies in the large-cap TOPIX 100 index that do not have at least one woman on their board<sup>10</sup>. Given the importance of diversity as a strategic business issue, we intend to expand the scope of our policy to a greater number of Japanese companies over time, as we note that there are 164 all-male boards in the TOPIX 500.



In a recent blog 'Japan can't be an island on board diversity'<sup>11</sup>, Aina Fukuda, Japan ESG Manager, and Clare Payn, Senior Global ESG & Diversity Manager, explain how we are pushing companies in all regions to make progress on diversity while highlighting the situation and developments in Japan.

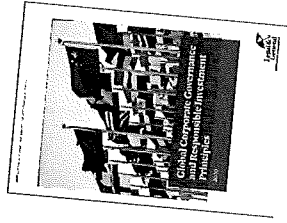
While we will continue to engage with companies to ensure top management recognise diversity as a strategic business issue, we expect companies to set aspirational targets and promote diversity at the hiring stage as well as across each level of the workforce. For Japan in particular, we have long argued the importance for companies to promote diversity at the senior management ('bucho' or division heads) level. We believe this is needed to build a diversified talent pool that would enable companies to find qualified women to serve at the highest level of the company in the future.

We have seen some Japanese companies take positive steps since this announcement. This includes **Recruit Holdings** who informed us that they have moved to select a female candidate to serve on the board; a decision they said took into account the voice of their shareholders<sup>12</sup>. With examples like this we are pleased that our voting policy strictures will need to be applied to fewer than the 22 companies originally anticipated.

## Additional main changes made to our global and regional policies

### Global Principles

- We have expanded our discussion on employee representation and culture, asking companies to disclose how culture is measured and how it relates to business strategy



- As board effectiveness reviews are increasingly recognised as good practice among boards and investors globally, we have added more detail on our expectations on the topic

- Regarding the audit committee, we would also like to see all audit committee chairs globally have a financial background

- In relation to remuneration we encourage companies to set post-exit shareholding requirements which equal a significant portion of their shareholding guideline requirement

### UK policy

- In our UK policy we expanded our expectations on employee engagement. We do not apply any voting sanctions on this topic, but use this discussion as a point of engagement



- In relation to audit, we expanded our policy and will now require that the audit chair specifically has financial expertise. We will vote against the chair's

\*For illustrative purposes only. \*\* LGIM's ESG scores capture minimum standards on environmental, social and governance metrics – as well as companies' overall levels of transparency. Scores shown as at end of Q3 2019 (compared to end of Q3 2018). LGIM's scores for over 2000 listed companies, as well as a guide to our methodology can be found at <https://www.lgim.com/uk/en/capabilities/corporate-governance/assessing-companies-esg/>

4. [https://documentlibrary.lgim.com/documentlibrary/library\\_55456.html](https://documentlibrary.lgim.com/documentlibrary/library_55456.html)

5. <https://www.lgim.com/uk/en/capabilities/corporate-governance/influencing-the-debate/>

6. Spencer Stuart Board Index 2019 – United States

7. [www.spencerstuart.com/research-and-insight/spain-board-index](http://www.spencerstuart.com/research-and-insight/spain-board-index)

8. [www.spencerstuart.com/research-and-insight/france-board-index](http://www.spencerstuart.com/research-and-insight/france-board-index)

10. This only includes board of directors, not kansayaku, (or statutory auditors)

11. <https://www.lgim.com/categories/esg-and-long-term-themes/japan-cannot-be-an-island-on-board-diversity/>

12. The appointment will be subject to approval in the shareholders meeting in June

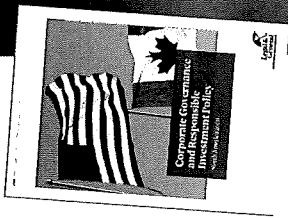


appointment if this is not the case. We have strengthened our requests for additional disclosure surrounding the audit itself to evidence audit quality

- On board independence, we have reiterated in this year's principles that we will commence voting against any chair of the board who has been a member of board for more than nine years from 2021

**North America policy**

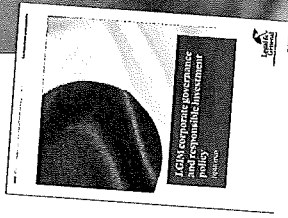
- LGIM increased its expectations on gender diversity on the board by a vote<sup>13</sup> against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. We already announced we would strengthen this policy from 2021 to include all companies in the S&P 500 and the S&P/TSX. Our expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023



In relation to remuneration, we will expect North American companies to increase the level of performance-based long-term incentive pay over time from 50% as it is now to at least 65% by 2022

**Japan policy**

- On independence, we call for boards to be comprised of a minimum of one-third of independent directors and request that companies outline the steps they are taking to increase independence. Further, while director re-election in Japan generally takes place every two years we encourage annual re-elections
- When it comes to audit tenure, where shareholders have the opportunity to vote on the re-election of the audit firm, LGIM has lowered its threshold and we will vote against the appointment of any audit firm with a tenure of 30 years or more



<sup>13</sup> Vote happening now – largest 100 S&P/TSX companies who have less than 25% women on board are being sanctioned

# Sustainability engagements

## Preventing stranded assets

Having long since been the most polluting fossil fuel, coal is now also the most expensive<sup>9</sup>. With over half of existing coal plants being more costly to run than to create new renewable sources of energy<sup>10</sup>, we are taking a stance against the construction of new coal plants which risk becoming unprofitable, 'stranded' assets:

- In Poland, we contributed to the successful efforts of environmental law firm ClientEarth in halting the construction of a major new coal plant<sup>11</sup> at Ostrołęka C, with our approach covered in local media<sup>12</sup>.
- Alongside other major investors, we have written publicly to major energy companies Fortum<sup>13</sup> and KEPCO<sup>14</sup>, raising our concerns with proposed new plants in Germany and Indonesia, respectively

## Driving the debate

There is clear momentum for more ambitious climate action. Following in the footsteps of the UK, the EU now aims to reach net zero greenhouse gas emissions (GHG) by 2050. As proof that our policy engagement is being taken into account by senior policymakers, the European Commission president spoke publicly about a letter co-signed by LGIM in support of this goal.

We have similarly collaborated with other investors to encourage the Japanese government to strengthen its climate targets.<sup>15</sup>

**“Last month, 44 of Europe’s largest investors ... called on the EU to put climate neutrality into law. They want that law”<sup>15</sup>**

**Ursula von der Leyen**  
European Commission president



To drive forward the climate debate, it is our ambition to focus on sectors and themes which might receive comparatively less attention. The carbon contribution of the energy sector is much discussed; agriculture, forestry and land less so. We regularly engage with food companies on their deforestation and agricultural practices, and have recently published a blog<sup>17</sup> explaining why investors and policy-makers cannot afford to ignore the role of land use in successful decarbonisation.

Even in the oil and gas sector, we are often asked if we are encouraging investee companies to increase their investment in renewable energy. In a new blog<sup>18</sup>, we explained why we believe the sector should focus on shrinking production in line with international climate targets, and return growing amounts of capital to their investors. In our view, diversifying into cleantech is a risky strategy, and should be restricted to those areas where the industry's skills can add value (e.g. biofuels).

## Zeroing in on 'net zero'

A notable development comes from oil major BP. Last year, LGIM co-filed its first shareholder resolution at the company, calling for more details on its climate strategy. Following our successful resolution, BP recently announced<sup>19</sup> that it will become a 'net zero' company by 2050, planning to:

- have net zero emissions across operations;
- 'reduce and neutralise the carbon in the oil and gas we dig out of the ground'; and
- halve the emissions intensity of all solid energy (not all of which comes from BP's own production).

To meet these goals, BP has suggested that it will gradually reduce its oil and gas extraction, return some of the cash from existing projects back to investors, and gradually ramp up investment in low-carbon ventures. As the company notes, if every oil and gas company adopted a similar strategy, it would solve the emissions problem for the sector.

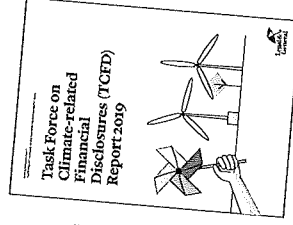
As discussed in a separate blog<sup>19</sup>, we are encouraged by a growing number of high-carbon companies setting net zero targets, and we believe the products of the oil and gas industry can still play a role to play for decades amid the energy transition. However, for this to be true, the sector must urgently bring down all of its GHG, including methane – a GHG that is far more potent than carbon dioxide over the short term. We have collaborated with leading NGO Environmental Defense Fund on a guide presenting innovative ways to measure and report methane data<sup>20</sup>. We expect investee companies to swiftly implement its recommendations<sup>21</sup>.

## A \$1.4 Trillion Asset Manager Is Zeroing In on Methane Leaks

### Finance for the future

Financial institutions, too, must step up on climate change. For the past two years, we have assisted our parent company – Legal & General – in better understanding and managing the climate risks in the assets on their balance sheet. L&G's second report in line with the best practice recommendations of the Task Force on Climate-related Financial Disclosures was published in early March<sup>22</sup>. It will be followed by a separate report from LGIM in the second half of the year.

Going one step further, in January we formally joined the One Planet Asset Manager Initiative. Convened by the French President Emmanuel Macron, the initiative will support some of the largest sovereign wealth funds in the world in stepping up their approach to climate change and investing in the low-emissions economy<sup>23</sup>.



9. <https://oilprice.com/Latest-Energy-News/World-News/Oil-Crash-Makes-Coal-The-Worlds-Most-Expensive-Fossil-Fuel.html>  
 10. <https://carbontracker.org/reports/how-to-waste-over-half-a-trillion-dollars/>  
 11. <https://www.clientearth.org/press/climate-victory-companies-put-polands-last-new-coal-plant-on-ice/>  
 12. <https://30dgospodarka.pl/news/2020/02/21/enee-i-energa-nie-odrobily-zadania-domowego-sama-zmiano-ostroleki-na-gaz-nie-wystarczy-mowir-gigant-inwestycyjny-2-londyn/>  
 13. [https://reclaimfinance.org/site/wp-content/uploads/2020/03/JoinInvestorLetter\\_Forum2020.pdf](https://reclaimfinance.org/site/wp-content/uploads/2020/03/JoinInvestorLetter_Forum2020.pdf)  
 14. <https://www.aigpc.net/international-investors-kepcos-should-reconsider-supporting-new-overseas-coal-power-plants/>  
 15. <https://twitter.com/IIGCCNews/status/1220000101936123904?s=20>  
 16. <https://www.aigpc.net/investors-encourage-japanese-government-to-lift-climate-ambition-with-revised-paris-pledge/>  
 17. <https://www.gimblog.com/categories/esp-and-long-term-themes/land-use-the-other-piece-of-the-decarbonisation-puzzle/>

17. <https://www.gimblog.com/categories/markets-and-economics/commodities/why-the-oil-sector-should-reinvent-itself-through-renewables/>  
 18. <https://www.bp.com/en/global/corporate/news-and-insights/speeches/reimagining-energy/reinventing-op.html>  
 19. <https://www.gimblog.com/categories/esp-and-long-term-themes/when-net-herrings-turn-green/>  
 20. <https://business.eding/insights/hitting-the-mark-improving-the-credibility-of-industry-methane-data/>  
 21. <https://www.bloomberglia.com/news/articles/2020-02-06/a-1-4-trillion-asset-manager-is-zeroing-in-on-methane-leaks>  
 22. [https://www.legalandgeneralfund.com/media/17720/tfcd\\_100320-finalpdf-wb-link-2.pdf-with-link.pdf](https://www.legalandgeneralfund.com/media/17720/tfcd_100320-finalpdf-wb-link-2.pdf-with-link.pdf)  
 23. <https://oneplanetinvestors.org/>

# Public policy update

Over the past quarter LGIM has been actively engaged, and closely following, a wide variety of policy and regulatory developments around the world.



## United Kingdom

In July 2019 the UK Government's Green Finance Strategy (GFS) set an expectation that all large asset owners would be disclosing in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) by 2022. Since then, LGIM has been part of an industry led group (the 'Pensions Climate Risk Industry Group') that has been working on producing guidance for Pension Trustees on managing and reporting climate related risks in line with TCFD. At the recent PLSA conference in Edinburgh the Department for Work and Pensions (DWP) launched the public consultation<sup>24</sup> on the guidance document, 'Aligning your pension scheme with the TCFD recommendations', and would encourage your input.

In line with the Government's GFS DWP has also proposed climate change-related amendments to the Pension Scheme Bill<sup>25</sup>. The amendments will require schemes to report on their climate change strategies as well as how their investment support wider climate goals. LGIM will continue to monitor the Bill as it progresses through the legislative system.

Building on the above and in line with the GFS, in early March the Financial Conduct Authority (FCA) published a consultation paper<sup>26</sup> that outlines new climate-related disclosure requirements for premium listed firms. The new rule will require firms report in line with the TCFD or explain why not. LGIM will continue to engage with the FCA and will submit a response to this in due course. The FCA is also currently considering how best to enhance climate-related disclosures by regulated firms, including asset managers and life insurers, to ensure a coordinated approach.

LGIM has of course been engaging with government, regulators, indexes and industry associations on various ESG topics. A few examples include continuing to push for equal weighted voting rights (i.e. 'one-share-one-vote' principle); the development of useable responsible and sustainable investment frameworks (i.e. the Investment Associations Responsible Investment Framework); and pushing for consistent, comparable and material ESG disclosures by issuers, asset owners, and asset managers.



## European Union

At a European Union level, we have continued to closely follow the important and in-depth technical work outlined in the Commission's action plan on sustainable finance. Specific areas of interest for us over the past few months have been

- the finalisation of the *EU Taxonomy*<sup>27</sup> – a clear and detailed EU classification system for sustainable activities. It creates a common language for all actors in the financial system and aims to stop 'greenwashing';
- the publication of the *regulation*<sup>28</sup> on Climate Change Benchmarks;
- the publication of the *regulation*<sup>29</sup> on sustainable-related disclosures in the financial sector;
- the proposal on the *European Climate Law*<sup>30</sup>; and
- the Usability guide for the *EU green bond standard*<sup>31</sup>.

24. <https://www.gov.uk/government/consultations/aligning-your-pension-scheme-with-the-tdcf-recommendations>  
 25. <https://services.parliament.uk/bills/2019-21/pensionschemes.htm>  
 26. <https://www.fca.org.uk/publications/consultation/papers/ep20-3-proposals-enhance-climate-related-disclosures-related-issuers-and-clarification-existing>  
 27. [https://ec.europa.eu/knowledge-policy/publication/sustainable-finance-req-final-report-eu-taxonomy\\_en](https://ec.europa.eu/knowledge-policy/publication/sustainable-finance-req-final-report-eu-taxonomy_en)  
 28. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2089>  
 29. <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>  
 30. [https://ec.europa.eu/info/sites/info/files/commission-proposal-regulation-european-climate-law-march-2020\\_en.pdf](https://ec.europa.eu/info/sites/info/files/commission-proposal-regulation-european-climate-law-march-2020_en.pdf)  
 31. [https://ec.europa.eu/info/files/202009-sustainable-finance-req-green-bond-standard-usability-guide\\_en](https://ec.europa.eu/info/files/202009-sustainable-finance-req-green-bond-standard-usability-guide_en)  
 32. [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

At the end of 2019 the *European Green Deal*<sup>32</sup> was launched – an ambitious strategy that aims to transform the EU into a net-zero emissions economy by 2050, where economic growth is decoupled from resource use – an initiative we will continue to engage on. We will also be focusing on the EC's review of the *Non-Financial Reporting Directive*<sup>33</sup>, open for consultation until June 2020.



## United States

In the United States we have been working together with Legal & General Investment Management America (LGIMA) to engage with the Securities Exchange Commission (SEC) on several important points. Over the past months LGIM has been working with LGIMA as well as *The Council of Institutional Investors*<sup>34</sup> (CII) and the *UN PRI*<sup>35</sup> to voice concerns on two proposals on proxy voting advice. The SEC's proposed rules on shareholder proposals and proxy advisers would introduce a major impediment to ESG integration, which has traditionally depended on dedicated investors engaging with management and access to unbiased and efficient proxy voting advice. If adopted, these would be the most significant changes to the voting rights of shareholders in decades and in our view would severely jeopardise the interests of individual and institutional investors.



## Japan

While we have been particularly proactive in the development of the UK 2020 Stewardship Code<sup>36</sup>, we have also consistently shared our views on the Japan Stewardship Code with the Japan Financial Services Agency (FSA). We very much welcome the FSA

incorporating many of our recommendations. We continue to hold concerns with regards to the treatment of proxy advisors but greatly hope that the revised Code will encourage better stewardship activities and transparency across all market participants.

We have closely followed the *Amendment to the Foreign Exchange and Foreign Trade Act*<sup>37</sup>. The amendment requires foreign investors to file a 'pre-acquisition notification' to the government if they intend to acquire 1% or more of a listed company in a restricted sector. We have been supportive of the efforts of the Asian Corporate Governance Association (ACGA) and the International Corporate Governance Network (ICGN) to seek clarification from the Japanese government on whether this applies to asset managers and have also met with the Japanese Ministry of Finance in this regard. Following a consultation, the final rules and regulations of the Act will be released in due course.



## Hong Kong

In Hong Kong the LGIM team engaged with the Hang Seng Index regarding the eligibility of Weight Voting Right Companies. We continued to push for the 'One Share - One Vote' Principle.

33. <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12129-Revision-of-Non-Financial-Reporting-Directive/public-consultation>

34. <https://www.cii.org/our-response>

35. <https://www.unpri.org/sustainable-markets/briefings-and-consultations>

36. <https://www.fsa.gov.jp/en/refer/councils/Stewardship/20200324.html>

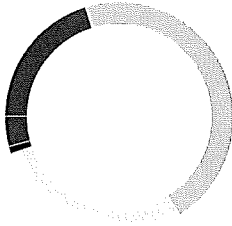
37. [https://www.mof.go.jp/english/interational\\_policy/ldf/20191021.html](https://www.mof.go.jp/english/interational_policy/ldf/20191021.html)

# Regional updates

## UK - Q1 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover Related	58	0	0
Capitalisation	292	19	0
Directors Related	510	43	0
Non-Salary Compensation	120	27	0
Reorganisation and Mergers	17	1	0
Routine/Business	356	4	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors Related	0	0	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	1	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
<b>Total</b>	<b>1354</b>	<b>94</b>	<b>0</b>
<b>Total resolutions</b>	<b>1448</b>		
<b>No. AGMs</b>	<b>84</b>		
<b>No. EGMs</b>	<b>28</b>		
<b>No. of companies voted on</b>	<b>105</b>		
<b>No. of companies where voted against management on at least one resolution</b>	<b>48</b>		
<b>% of companies with at least one vote against</b>	<b>46%</b>		

### Votes against management



- Antitakeover Related - 0
- Capitalisation - 19
- Directors Related - 43
- Non-Salary Compensation - 27
- Reorganisation and Mergers - 1
- Routine/Business - 4
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Directors Related - 0
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 0
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

**Number of companies voted for/against abstentions**



- No. of companies where supported management
- No. of companies where voted against management (including abstentions)

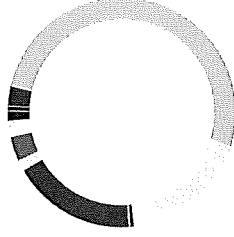
**LGIM voted against at least one resolution at 46% of UK companies over the quarter**

Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

## Europe - Q1 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover Related	0	1	0
Capitalisation	60	4	0
Directors Related	388	50	22
Non-Salary Compensation	57	26	0
Reorganisation and Mergers	7	1	0
Routine/Business	284	20	5
Shareholder Proposal - Compensation	1	0	0
Shareholder Proposal - Corporate Governance	5	2	0
Shareholder Proposal - Directors Related	4	4	1
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	2	0	0
Shareholder Proposal - Other/Miscellaneous	1	3	0
Shareholder Proposal - Routine/Business	11	2	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
<b>Total</b>	<b>820</b>	<b>113</b>	<b>28</b>
<b>Total resolutions</b>	<b>961</b>		
<b>No. AGMs</b>	<b>47</b>		
<b>No. EGMs</b>	<b>8</b>		
<b>No. of companies voted on</b>	<b>53</b>		
<b>No. of companies where voted against management on at least one resolution</b>	<b>38</b>		
<b>% of companies with at least one vote against</b>	<b>72%</b>		

### Votes against management



- Antitakeover Related - 1
- Capitalisation - 4
- Directors Related - 72
- Non-Salary Compensation - 26
- Reorganisation and Mergers - 1
- Routine/Business - 25
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 2
- Shareholder Proposal - Directors Related - 5
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 3
- Shareholder Proposal - Routine/Business - 2
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

**Number of companies voted for/against abstentions**



- No. of companies where supported management
- No. of companies where voted against management (including abstentions)

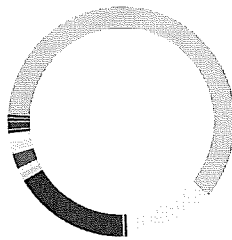
**LGIM voted against at least one resolution at 72% of European companies over the quarter**

Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

North America - Q1 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover Related	6	1	0
Capitalisation	10	1	0
Directors Related	405	107	0
Non-Salary Compensation	49	23	0
Reorganisation and Mergers	6	1	0
Routine/Business	53	30	0
Shareholder Proposal - Compensation	1	2	0
Shareholder Proposal - Corporate Governance	1	1	0
Shareholder Proposal - Directors Related	2	4	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	3	0
Shareholder Proposal - Other/Miscellaneous	0	2	0
Shareholder Proposal - Routine/Business	0	1	0
Shareholder Proposal - Social/Human Rights	1	2	0
Shareholder Proposal - Social	2	0	0
<b>Total</b>	<b>536</b>	<b>178</b>	<b>0</b>
<b>Total resolutions</b>	<b>714</b>		
No. AGMs	51		
No. EGMS	10		
No. of companies voted on	60		
No. of companies where voted against management on at least one resolution	51		
% of companies with at least one vote against	85%		

Votes against management



- Antitakeover Related - 1
- Capitalisation - 1
- Directors Related - 107
- Non-Salary Compensation - 23
- Reorganisation and Mergers - 1
- Routine/Business - 30
- Shareholder Proposal - Compensation - 2
- Shareholder Proposal - Corporate Governance - 1
- Shareholder Proposal - Directors Related - 4
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 3
- Shareholder Proposal - Other/Miscellaneous - 2
- Shareholder Proposal - Routine/Business - 1
- Shareholder Proposal - Social/Human Rights - 2
- Shareholder Proposal - Social - 0

**Number of companies voted for/against abstentions**



- No. of companies where supported management
- No. of companies where voted against management (including abstentions)

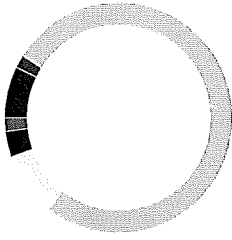
**LGIM voted against at least one resolution at 85% of North American companies over the quarter**

Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

Japan - Q1 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover Related	0	4	0
Capitalisation	0	1	0
Directors Related	610	42	0
Non-Salary Compensation	32	5	0
Reorganisation and Mergers	23	2	0
Routine/Business	48	0	0
Shareholder Proposal - Compensation	2	0	0
Shareholder Proposal - Corporate Governance	1	0	0
Shareholder Proposal - Directors Related	1	1	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	0	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
<b>Total</b>	<b>717</b>	<b>55</b>	<b>0</b>
<b>Total resolutions</b>	<b>772</b>		
No. AGMs	67		
No. EGMS	6		
No. of companies voted on	72		
No. of companies where voted against management on at least one resolution	37		
% of companies with at least one vote against	51%		

Votes against management



- Antitakeover Related - 4
- Capitalisation - 1
- Directors Related - 42
- Non-Salary Compensation - 5
- Reorganisation and Mergers - 2
- Routine/Business - 0
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Directors Related - 1
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 0
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

**Number of companies voted for/against abstentions**



- No. of companies where supported management
- No. of companies where voted against management (including abstentions)

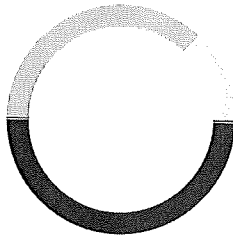
**LGIM voted against at least one resolution at 51% of Japanese companies over the quarter**

Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

Asia Pacific - Q1 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover Related	1	0	0
Capitalisation	5	1	0
Directors Related	324	93	0
Non-Salary Compensation	135	33	0
Reorganisation and Mergers	18	1	0
Routine/Business	222	126	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors Related	1	0	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	1	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
<b>Total</b>	<b>707</b>	<b>254</b>	<b>0</b>
<b>Total resolutions</b>	<b>961</b>		
<b>No. AGMs</b>	<b>129</b>		
<b>No. EGMs</b>	<b>13</b>		
<b>No. of companies voted on</b>	<b>139</b>		
<b>No. of companies where voted against management on at least one resolution</b>	<b>127</b>		
<b>% of companies with at least one vote against</b>	<b>91%</b>		

Votes against management



- Antitakeover Related - 0
- Capitalisation - 1
- Directors Related - 93
- Non-Salary Compensation - 33
- Reorganisation and Mergers - 1
- Routine/Business - 126
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Directors Related - 0
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 0
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

**Number of companies voted for/against abstentions**



- No. of companies where supported management
- No. of companies where voted against management (including abstentions)

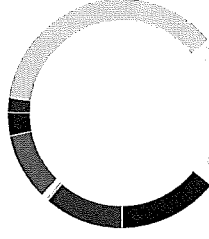
**LGIM voted against at least one resolution at 91% of Asia Pacific companies over the quarter**

Source: for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds. The abstentions were due to technical reasons which prevented us from voting. Where we have the option to vote, it is our policy to not abstain

Emerging markets - Q1 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover Related	2	0	0
Capitalisation	420	10	0
Directors Related	599	84	86
Non-Salary Compensation	45	101	0
Reorganisation and Mergers	266	66	0
Routine/Business	605	53	0
Shareholder Proposal - Compensation	0	2	0
Shareholder Proposal - Corporate Governance	0	3	0
Shareholder Proposal - Directors Related	6	44	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	2	15	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	1	0	0
<b>Total</b>	<b>1946</b>	<b>378</b>	<b>86</b>
<b>Total resolutions</b>	<b>2410</b>		
<b>No. AGMs</b>	<b>87</b>		
<b>No. EGMs</b>	<b>201</b>		
<b>No. of companies voted on</b>	<b>278</b>		
<b>No. of companies where voted against management on at least one resolution</b>	<b>127</b>		
<b>% of companies with at least one vote against</b>	<b>46%</b>		

Votes against management



- Antitakeover Related - 0
- Capitalisation - 10
- Directors Related - 170
- Non-Salary Compensation - 101
- Reorganisation and Mergers - 66
- Routine/Business - 83
- Shareholder Proposal - Compensation - 2
- Shareholder Proposal - Corporate Governance - 3
- Shareholder Proposal - Directors Related - 44
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 15
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

**Number of companies voted for/against abstentions**



- No. of companies where supported management
- No. of companies where voted against management (including abstentions)

**LGIM voted against at least one resolution at 46% of emerging markets companies over the quarter**

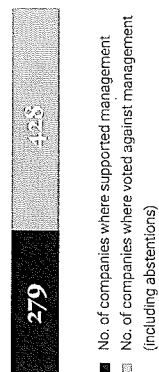
Source: for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds. The abstentions were due to technical reasons which prevented us from voting. Where we have the option to vote, it is our policy to not abstain

# Global voting summary

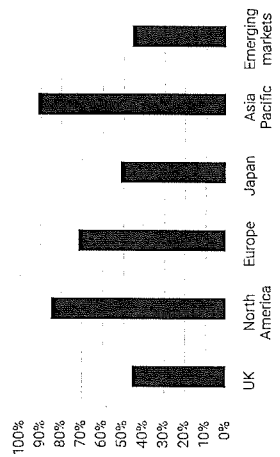
## Voting totals

Proposal category	For	Against	Abstain	Total
Antitakeover Related	67	6	0	73
Capitalisation	787	36	0	823
Directors Related	2836	419	108	3363
Non-Salary Compensation	438	215	0	653
Reorganisation and Mergers	337	72	0	409
Routine/Business	1568	233	5	1806
Shareholder Proposal - Compensation	4	4	0	8
Shareholder Proposal - Corporate Governance	7	6	0	13
Shareholder Proposal - Directors Related	14	53	1	68
Shareholder Proposal - General Economic Issues	0	0	0	0
Shareholder Proposal - Health/Environment	2	3	0	5
Shareholder Proposal - Other/Miscellaneous	1	5	0	6
Shareholder Proposal - Routine/Business	15	18	0	33
Shareholder Proposal - Social/Human Rights	1	2	0	3
Shareholder Proposal - Social	3	0	0	3
<b>Total</b>	<b>6080</b>	<b>1072</b>	<b>114</b>	<b>7266</b>
No. AGMs				465
No. EGMs				266
No. of companies voted on				707
No. of companies where voted against management on at least one resolution				428
% of companies with at least one vote against				61%

Number of companies voted for/against abstentions



% of companies with at least one vote against (includes abstentions)

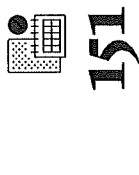


Source for all data LSEG. The votes above represent voting instructions for our main FTSE pooled index funds



# Global engagement summary

## Engagement stats



Total number of engagements during the quarter



Number of companies engaged

## Engagement type



Face to face



Conference call



Email



Letter

## Number of engagements on



Environmental topics



Other topics (e.g. financial and strategy)

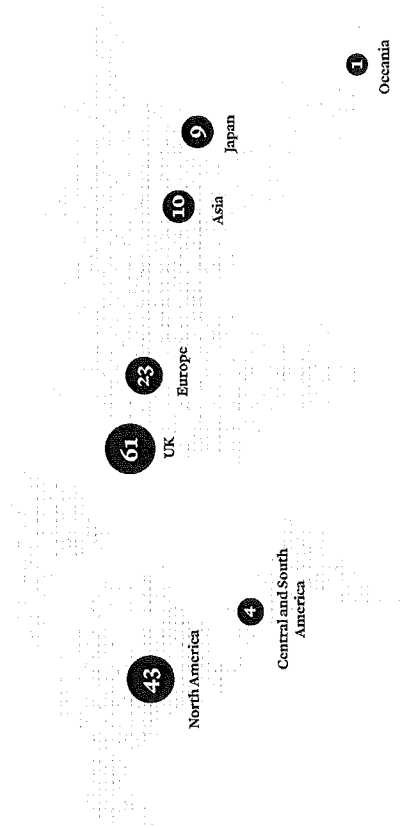


Governance topics

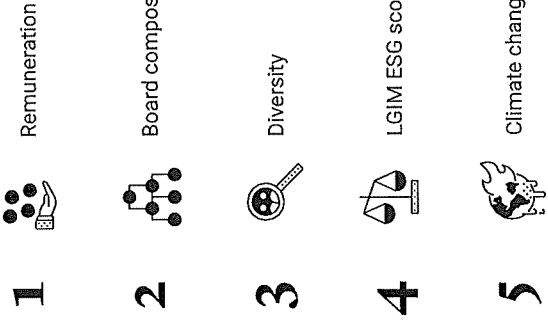


Social topics

## Breakdown of our engagements by market



## Top five engagement topics



## Contact us

For further information about LGIM, please visit [lgim.com](http://lgim.com) or contact your usual LGIM representative



---

### Important information

Past performance is not a guide to future performance. 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.

Views expressed are of Legal & General Investment Management Limited as at 11 May 2020.

This document is designed for the use of professional investors and their advisers. No responsibility can be accepted by Legal & General Investment Management Limited or contributors as a result of information contained in this publication. The information contained in this brochure is not intended to be, nor should be construed as investment advice nor deemed suitable to meet the needs of the investor. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be solely relied on in making an investment or other decision. The views expressed here are not necessarily those of Legal & General Investment Management Limited and Legal & General Investment Management Limited may or may not have acted upon them. This document may not be used for the purposes of an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No party shall have any right of action against Legal & General in relation to the accuracy or completeness of the Information, or any other written or oral information made available in connection with this publication.

As required under applicable laws Legal & General will record all telephone and electronic communications and conversations with you that result or may result in the undertaking of transactions in financial instruments on your behalf. Such records will be kept for a period of five years (or up to seven years upon request from the Financial Conduct Authority (or such successor from time to time) and will be provided to you upon request.

© 2020 Legal & General Investment Management Limited. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording, without the written permission of the publishers. Legal & General Investment Management Limited. Registered in England and Wales No. 02091894. Registered Office: One Coleman Street, London, EC2R 5AA. Authorised and regulated by the Financial Conduct Authority, No. 119272.



# Shropshire County Council

Q1 2020

The purpose of the **reo**<sup>®</sup> (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**<sup>®</sup> 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.

## Engagement in review

Going forward, we will be assessing how companies respond to the Coronavirus, including measures they take to protect and support their staff and provide society with solutions to help face threats to their wellbeing. We have signed the Investor Statement on Coronavirus Response urging companies to take steps to protect workers and maintain financial prudence.

We engaged with several of the world's largest extractives companies on their ambitious commitments to decarbonise, added our name to a number of collaborative engagements on human and labour rights, and had discussions with food companies on their management of various ESG risks and opportunities.

### Engaging with the primary industries on decarbonisation

The beginning of 2020 has seen a number of big players in the extractives industries announce significant decarbonisation pledges. Companies like BP, BHP, Rio Tinto and Teck Resources, all of which we have actively engaged for over a decade on carbon management issues, have made net-zero emissions pledges. Both BP and BHP took a leading stance and included scope 3 emissions in their pledges. This effectively means that they committed to tackle carbon emissions from the use of their products.

We support these pledges, but are aware of the fact that they do not necessarily mean that the companies are de-risked from possible financial impacts.

We, therefore, don't take decarbonisation pledge as the finishing line of our engagement, and will continue to urge companies to reduce their emissions before considering the last resort of carbon offsetting.

### Deforestation challenges for the Brazilian beef industry

We participated in a joint investor call with Brazil's three largest meat processors and packers, to discuss their actions to curb deforestation and land clearance.

Cattle ranching in Brazil is the leading driver of deforestation emissions across Latin America.

Over the past few years, the three companies have stepped up their efforts to establish environmental, labour and land tenure supplier standards and monitor compliance against these standards. However, these efforts are to a large extent limited to what they refer to as their 'direct suppliers'. Purchases from these suppliers account for less than 50% of total purchases.

We encouraged the companies to be more transparent about the nature and scope of their supply chains and to continue exploring ways to develop comprehensive traceability systems. We also discussed the possibility of the investor group actively engaging with relevant government actors to push for action on cattle-related deforestation.

## Protein Diversification Strategies

We joined FAIRR's collaborative engagement on sustainable protein. The initiative will target 15 global food retailers and 10 global food manufacturers.

We will ask companies to publicly disclose information on their long-term approach to protein diversification, including board-level support to transition protein portfolios towards lower impacts and more sustainable sources in line with climate science.

BMO GAM will lead discussions with US retailer Walmart and Canadian retailer Loblaws.

## Collaborating to promote better social practices

This quarter, we provided our support to a number of investor initiatives calling companies as well as governments to protect and respect human and labour rights.

We signed the Investor Alliance for Human Rights' statement asking all governments to develop and enforce mandatory human rights due diligence requirements for companies headquartered or operating within their own jurisdictions.

We also signed up to the "Find it, Fix it, Prevent it" multi-stakeholder coalition, on addressing modern slavery risks. The initiative combines public policy outreach, company engagement and the development of metrics that can be incorporated into ESG ratings. On company engagement, the initiative will initially target 16 companies in the UK hospitality industry.

Finally, we signed an investor statement calling for increased transparency around material ESG issues in the luxury fashion industry, including efforts on living wage. The statement was produced by The Platform Living Wage Financials (PLWF), an alliance of 13 primarily Dutch financial institutions.

## SEC launches attack on responsible investment

In November 2019 the SEC formalised its efforts to rein in responsible investment by releasing two proposed sets of rule amendments to increase the regulatory burden on proxy advisers and further restrict the ability for investors to file shareholder proposals. The SEC's motivation for each is to address concerns over the accuracy and transparency of proxy voting advice and to amend shareholder proposal thresholds to avoid misuse of the process. These proposals reflect the SEC's pro-corporate agenda of removing what it deems to be unnecessary burdens for companies, often irrespective of the consequences for investors.

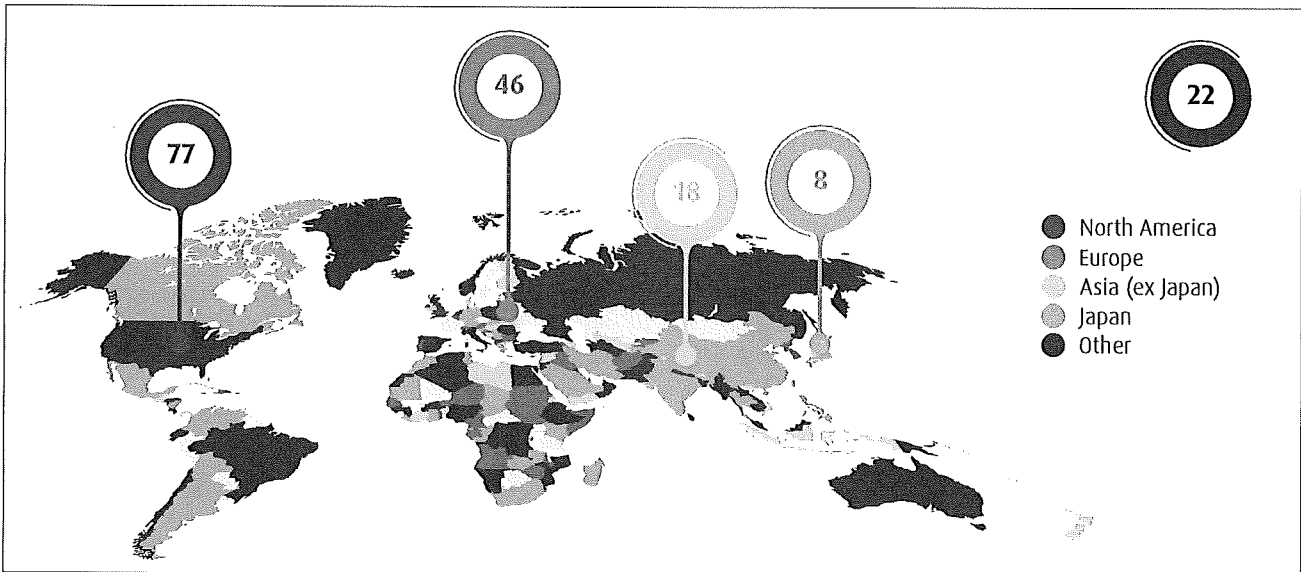
We expressed to the SEC our overall concern that the proposed changes to the process will make it more difficult to submit and sustain proposals and, therefore, discourage their use in the future.

We expect the SEC to make a final decision on these proposals in Q2 this year. With a significant strong level of opposition having been expressed by the investor community, it does seem that there could be the potential for the final proposals to be somewhat amended, but it is unlikely that they will be scrapped outright.

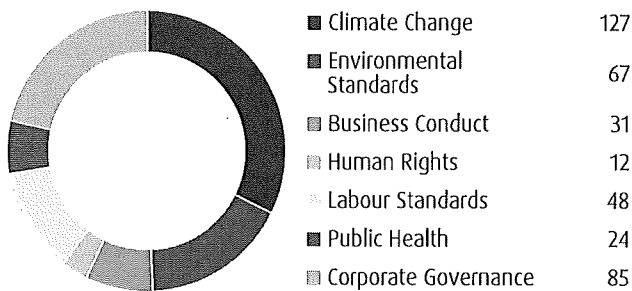
Companies engaged this quarter

Companies Engaged	Milestones achieved	Countries covered
171	55	22

Companies engaged by region



Companies engaged by issue <sup>\*\*\*</sup>



Milestones achieved by issue



\* *reo* is currently applied to €165bn (\$218billion / €195billion) of assets as at 31st December 2019.

\*\* Companies may have been engaged on more than one issue.

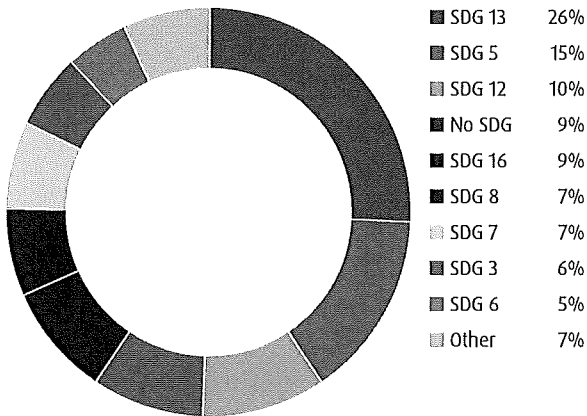
\*\*\* This report has been compiled using data supplied by a third-party electronic voting platform provider. The statistics exclude ballots with zero shares and re-registration meetings. Meetings/ballots/proposals are not considered voted if: ballots have been rejected by voting intermediaries (e.g. where necessary documentation (such as Powers of Attorney, beneficial owner confirmation, etc.) was not in place); instructed as "Do not vote" (e.g. in share-blocking markets); or left uninstruced. This document is for professional advisors only and should not be circulated to other investors. Past performance should not be seen as an indication of future performance. Stock market and currency movements mean the value of, and income from, investments in the Fund are not guaranteed. They can go down as well as up and you may not get back the amount you invest.

### Engagements and Sustainable Development Goals (SDGs)

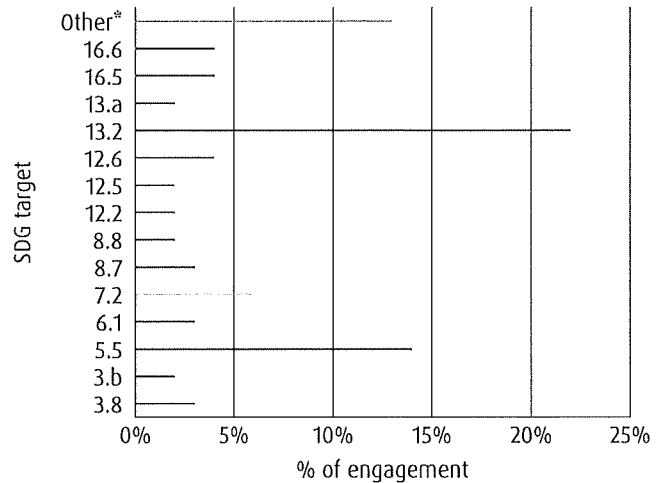
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

We use the detailed underlying SDG targets to frame company engagement objectives, where relevant, as well as to articulate the positive societal and environmental impacts of engagement. Engagements are systematically captured at a target level, to enable greater accuracy and achieve higher impact.

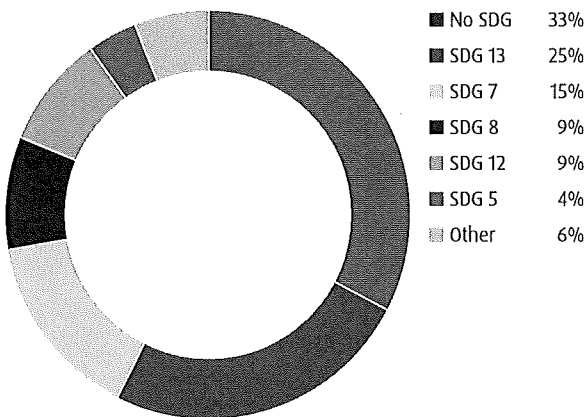
Engagement: SDG level



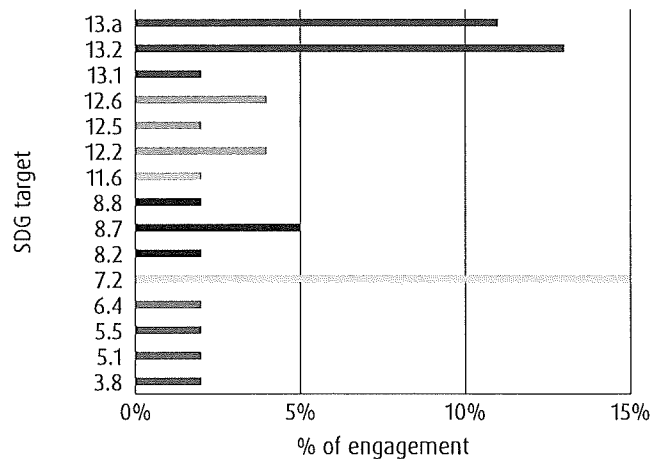
Engagement: SDG target level



Milestone: SDG level



Milestone: SDG target level



\*Other represents SDG targets less than 2% of the relevant SDG Goal.



# 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 Responsible 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. For full details of our engagements with companies please refer to the online *reo*® client portal.

**Introduction**

Name	Sector	ESG Rating	Response to engagement	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Alleghany Corp	Financials	●		●	●		●	●		
Barclays PLC	Financials	●	Good	●						●
Bausch Health Cos Inc	Health Care	●		●						●
Cemex SAB de CV	Materials	●	Poor	●	●					
China Construction Bank Corp	Financials	●		●	●	●				●
General Motors Co	Consumer Discretionary	●	Adequate	●			●	●	●	
Mondelez International Inc	Consumer Staples	●		●	●					
POSCO	Materials	●	Poor	●						
Royal Dutch Shell PLC	Energy	●	Good	●						
Suzuki Motor Corp	Consumer Discretionary	●		●		●		●		

**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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

# 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	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Alleghany Corp	United States	Financials	✓	●	●		●	●		
Bausch Health Cos Inc	United States	Health Care	✓	●						●
Boston Scientific Corp	United States	Health Care							●	
Canadian Natural Resources Ltd	Canada	Energy		●						●
China Railway Group Ltd	China	Industrials			●		●			
Cia de Saneamento Basico do Estado de Sao Paulo	Brazil	Utilities				●				
CNOOC Ltd	China	Energy		●						
Coal India Ltd	India	Energy			●				●	
Constellation Software Inc/Canada	Canada	Information Technology		●						●
Dollarama Inc	Canada	Consumer Discretionary		●						●
Fiat Chrysler Automobiles NV	United Kingdom	Consumer Discretionary		●		●				
Ford Motor Co	United States	Consumer Discretionary		●			●			
G4S PLC	United Kingdom	Industrials				●	●			
General Motors Co	United States	Consumer Discretionary	✓	●			●		●	
H&R Real Estate Investment Trust	Canada	Real Estate		●						●
Hypera SA	Brazil	Health Care				●				
Inner Mongolia Baotou Steel Union Co Ltd	China	Materials			●				●	
JBS SA	Brazil	Consumer Staples		●	●					
Magnit PJSC	Russian Federation	Consumer Staples				●				●
Nissan Motor Co Ltd	Japan	Consumer Discretionary								
Notre Dame Intermedica Participacoes SA	Brazil	Health Care				●				
Pfizer Inc	United States	Health Care							●	
RioCan Real Estate Investment Trust	Canada	Real Estate		●						●
Saputo Inc	Canada	Consumer Staples		●	●					
SmartCentres Real Estate Investment Trust	Canada	Real Estate		●						●
Suzuki Motor Corp	Japan	Consumer Discretionary	✓	●		●				
Tokyo Electric Power Co Holdings Inc	Japan	Utilities		●						

**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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Name	Country	Sector	Priority company	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Universal Robina Corp	Philippines	Consumer Staples		●	●			●		
Vistra Energy Corp	United States	Utilities		●				●		
Volkswagen AG	Germany	Consumer Discretionary		●			●	●		
Waste Connections Inc	United States	Industrials		●	●			●		●

**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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

# 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	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Air Canada	Canada	Industrials		●						●
Alimentation Couche-Tard Inc	Canada	Consumer Staples		●						●
Atco Ltd/Canada	Canada	Utilities		●						●
Bank Mandiri Persero Tbk PT	Indonesia	Financials						●	●	●
Bank of America Corp	United States	Financials				●		●		●
Bayer AG	Germany	Health Care						●		●
BCE Inc	Canada	Communication Services		●						●
BR Malls Participacoes SA	Brazil	Real Estate				●				●
Braskem SA	Brazil	Materials				●				●
Canadian National Railway Co	Canada	Industrials		●						●
Canadian Pacific Railway Ltd	Canada	Industrials		●						●
CCR SA	Brazil	Industrials				●				●
Cemex SAB de CV	Mexico	Materials	✓	●	●					●
Centrais Eletricas Brasileiras SA	Brazil	Utilities				●				●
China Shenhua Energy Co Ltd	China	Energy		●	●					●
Cogna Educacao	Brazil	Consumer Discretionary				●				●
Costco Wholesale Corp	United States	Consumer Staples		●	●			●		●
Discovery Ltd	South Africa	Financials						●	●	●
Duke Energy Corp	United States	Utilities		●						●
Edison International	United States	Utilities		●	●			●		●
Fevertree Drinks PLC	United Kingdom	Consumer Staples		●				●		●
Glencore PLC	Switzerland	Materials		●						●
Godrej Consumer Products Ltd	India	Consumer Staples		●	●			●		●
Hoya Corp	Japan	Health Care		●	●		●	●		●
IA Financial Corp Inc	Canada	Financials		●						●
ICICI Bank Ltd	India	Financials			●					●
Japan Exchange Group Inc	Japan	Financials		●		●		●		●

### 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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Name	Country	Sector	Priority company	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Kirkland Lake Gold Ltd	Canada	Materials		●						●
Korea Electric Power Corp	South Korea	Utilities		●						
Kraft Heinz Co/The	United States	Consumer Staples		●	●					
Melrose Industries PLC	United Kingdom	Industrials								●
Mondelez International Inc	United States	Consumer Staples	✓	●	●					
Onex Corp	Canada	Financials		●						●
Petroleo Brasileiro SA	Brazil	Energy				●				
Restaurant Brands International Inc	Canada	Consumer Discretionary		●						●
Twitter Inc	United States	Communication Services				●				●
Vitasoy International Holdings Ltd	Hong Kong	Consumer Staples		●	●					●
Woolworths Group Ltd	Australia	Consumer Staples		●	●					

**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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

# 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	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Archer-Daniels-Midland Co	United States	Consumer Staples		●	●					
Barclays PLC	United Kingdom	Financials	✓	●						●
BHP Group Ltd	Australia	Materials		●						
BP PLC	United Kingdom	Energy		●						●
Canadian Apartment Properties REIT	Canada	Real Estate		●						●
China Construction Bank Corp	China	Financials	✓	●	●	●				●
Coles Group Ltd	Australia	Consumer Staples		●	●					
Conagra Brands Inc	United States	Consumer Staples		●	●					
Credicorp Ltd	Peru	Financials			●	●				●
Devon Energy Corp	United States	Energy		●						
Empire Co Ltd	Canada	Consumer Staples		●						●
Energisa SA	Brazil	Utilities				●				
Engie SA	France	Utilities		●						
Equatorial Energia SA	Brazil	Utilities				●				
Facebook Inc	United States	Information Technology				●				●
Fomento Economico Mexicano SAB de CV	Mexico	Consumer Staples								●
Goldman Sachs Group Inc/The	United States	Financials		●	●		●			
Hershey Co/The	United States	Consumer Staples		●	●					
Itau Unibanco Holding SA	Brazil	Financials		●	●		●			
Johnson & Johnson	United States	Health Care							●	
KAZ Minerals PLC	United Kingdom	Materials		●	●	●				
Koninklijke Ahold Delhaize NV	Netherlands	Consumer Staples		●	●					
Kroger Co/The	United States	Consumer Staples		●	●					
Lojas Renner SA	Brazil	Consumer Discretionary				●				
Melhanex Corp	Canada	Materials		●						●
Mitsubishi Corp	Japan	Industrials		●						●
Novartis AG	Switzerland	Health Care							●	

Introduction

**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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Name	Country	Sector	Priority company	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Nutrien Ltd	Canada	Materials		●						●
Persimmon PLC	United Kingdom	Consumer Discretionary			●					●
POSCO	South Korea	Materials	✓	●						●
Qatar National Bank QPSC	Qatar	Financials		●	●					●
Quebecor Inc	Canada	Consumer Discretionary		●						●
STERIS PLC	United States	Health Care			●			●		●
Suez	France	Utilities			●					●
Unilever PLC	United Kingdom	Consumer Staples		●	●			●		●
Walmart Inc	United States	Consumer Staples		●	●					●
WEG SA	Brazil	Industrials				●				●

**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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

# 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	Themes engaged							
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	
Accenture PLC	Ireland	Information Technology									
Acuity Brands Inc	United States	Industrials									
Algonquin Power & Utilities Corp	Canada	Utilities		●							
Alphabet Inc	United States	Information Technology				●					
Banco Bradesco SA	Brazil	Financials									
Bank of Nova Scotia	Canada	Financials		●							
Bank Rakyat Indonesia Persero Tbk PT	Indonesia	Financials			●						
BNP Paribas SA	France	Financials				●					
Boliden AB	Sweden	Materials		●	●						
Bristol-Myers Squibb Co	United States	Health Care							●		
Brookfield Asset Management Inc	Canada	Financials		●							
Bunge Ltd	United States	Consumer Staples		●	●						
Canadian Imperial Bank of Commerce	Canada	Financials		●							
Carrefour SA	France	Consumer Staples		●	●						
Casino Guichard Perrachon SA	France	Consumer Staples		●	●						
Cenovus Energy Inc	Canada	Energy		●							
Clicks Group Ltd	South Africa	Consumer Staples			●				●		
CLP Holdings Ltd	Hong Kong	Utilities		●							
Covivio	France	Real Estate									
CRH PLC	Ireland	Materials									
Danone SA	France	Consumer Staples									
Enbridge Inc	Canada	Energy		●							
Equinor ASA	Norway	Energy		●							
Euromoney Institutional Investor PLC	United Kingdom	Consumer Discretionary									
Fortis Inc/Canada	Canada	Utilities		●							
Franco-Nevada Corp	Canada	Materials		●							
General Mills Inc	United States	Consumer Staples		●	●						

**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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

# Milestones and Your Fund

## Environmental

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 or enhances investor value. For full details of our engagements which led to one and two star milestones please refer to the online *reo*® client portal.

Name	Country	Sector	Priority company	ESG Rating	Themes engaged						
					Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
☆☆☆											
Barclays PLC	United Kingdom	Financials	✓	●	●						
BP PLC	United Kingdom	Energy		●	●						
Dominion Energy Inc	United States	Utilities		●	●						
Eni SpA	Italy	Energy		●	●						
Rio Tinto Ltd	United Kingdom	Materials		●	●						
Teck Resources Ltd	Canada	Materials		●	●						
☆☆											
Cemex SAB de CV	Mexico	Materials	✓	●	●						
Cenovus Energy Inc	Canada	Energy		●	●						
China Shenhua Energy Co Ltd	China	Energy		●	●						
Glencore PLC	Switzerland	Materials		●	●						
JPMorgan Chase & Co	United States	Financials		●	●						
Kerry Group PLC	Ireland	Consumer Staples		●	●	●					
Lloyds Banking Group PLC	United Kingdom	Financials		●	●						
PTT PCL	Thailand	Energy		●	●						
Royal Bank of Scotland Group PLC	United Kingdom	Financials		●	●						
Swiss Re AG	Switzerland	Financials		●	●						
Teck Resources Ltd	Canada	Materials		●	●						
Tyson Foods Inc	United States	Consumer Staples		●	●	●					
UBS Group AG	Switzerland	Financials		●	●						
Wells Fargo & Co	United States	Financials	✓	●	●						
☆											
Alleghany Corp	United States	Financials	✓	●	●						
Breedon Group PLC	United Kingdom	Materials		●	●						

### 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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Name	Country	Sector	Priority company	ESG Rating	Themes engaged						
					Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Kerry Group PLC	Ireland	Consumer Staples		●		●					
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	Germany	Financials		●	●						
PepsiCo Inc	United States	Consumer Staples		●		●					
Smurfit Kappa Group PLC	Ireland	Materials		●	●						

Environmental

**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: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

# ESG Viewpoint

January 2020





**Nina Roth**  
Director, Analyst, Responsible  
Investment



**Tenisha Elliott**  
Senior Associate, Analyst, Responsible  
Investment

## Contact us

 [bmogam.com](http://bmogam.com)

 Follow us on LinkedIn

### Key risks

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

### Living wage in the retail sector

The way we shop has changed radically over the past decade. The growth of low-cost online retailers has put unprecedented pressure on the margins of high street stores. Many have had to respond by cutting costs to stay in business, which can mean squeezing the wages of workers and of those in their supply chains.

The short-term alleged cost benefits of a low-wage strategy need to be weighed against longer-term costs. Poor wages can result in higher worker attrition and lost productivity, not only from depleted morale but also a constant need to train new starters.<sup>1</sup> This in turn can lead to a decline of the in-store shopping experience, further damaging the business prospects for high street retailers.

Our engagement on living wages has sought to bring companies' attention to these less immediate issues and encourage them to take a progressive long-term strategic approach to human capital management, which recognises the benefits of a stable and motivated workforce. This engagement supports various Sustainable Development Goals (SDGs), the strongest links relating to SDG 1 – No Poverty; and, in particular, target 1.2, which relates to halving families living in poverty; and SDG 8 – Decent Work and Economic Growth, within which Target 8.5 focuses on decent and productive work for all. In addition, given that women are often disproportionately represented in low wage jobs, engagement on living wages also supports SDG 5 – Gender Equality.

“ ”

Our engagement on living wages has sought to encourage companies to take a progressive long-term strategic approach to human capital management.

<sup>1</sup> <https://www.pile.com/blogs/realtime-economic-issues-watch/higher-wages-low-income-workers-lead-higher-productivity>

## What is living wage?

There is often confusion around the term "living wage", with many confusing it with nationally mandated minimum wages. Whilst a minimum wage is the lowest level that an employer can legally pay their worker, this is often, in practice, not enough to support basic needs. According to the Global Living Wage Coalition<sup>2</sup>, a living wage is:

The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

Living wage levels are not uniform globally, but are calculated according to national or regional costs of living.<sup>3</sup>

### Companies engaged

Our engagement focused on ten large (>50,000 employees) retailers, chosen to represent five we judged as leaders on ESG and five laggards, based on an initial analysis of public information.

This approach resulted in ten companies to focus on: Costco, Dollar General, Dollar Tree, Sysco, Walmart (all US), Tesco (UK), Fast Retailing (Japan), George Weston and Loblaw (Canada), and CECONOMY (Germany).

In total, these companies employ approximately 3.7 million people.

### Engagement expectations

Our engagement with these ten focus companies commenced at the beginning of 2019. Our strategy has been to start with a focus on raising awareness on the living wage, understanding of

companies' positions on wage levels in their own operations, and encouraging enhanced disclosure on wage levels.

As the engagement progresses, we plan to ask for time-bound plans for adjustments in wage levels and benefits, and for companies to consider wage levels in their supply chains.

Ultimately our aspiration is that all engaged companies have set time-bound plans and have adjusted wage levels to living wage for applicable scopes of employees.

If during the engagement process we judge that a company is responding well and on track to deliver a good living wage strategy, we may remove them from the engagement and initiate dialogue with another company.

Our 2019 engagement dialogue focused on the following:

- ✦ Raising awareness about the concept of a living wage and the benefits it provides to employees, as well as for the business as a whole
- ✦ Encouraging companies to consider how workers' wage levels are relevant to long-term business success
- ✦ Asking whether, and how, companies assess the financial consequences of a wage level adjustment across their operations
- ✦ Asking for enhanced disclosure on (a) average wage levels per business section and region; (b) a list of benefits and to which employees they apply; and (c) wider workforce issues, through the Workforce Disclosure Initiative survey

### Observations, challenges and best practice

Seven out of the ten focus companies were responsive to our engagement. Despite several follow-ups, Walmart, George Weston and CECONOMY did not respond to our outreach efforts<sup>4</sup>.

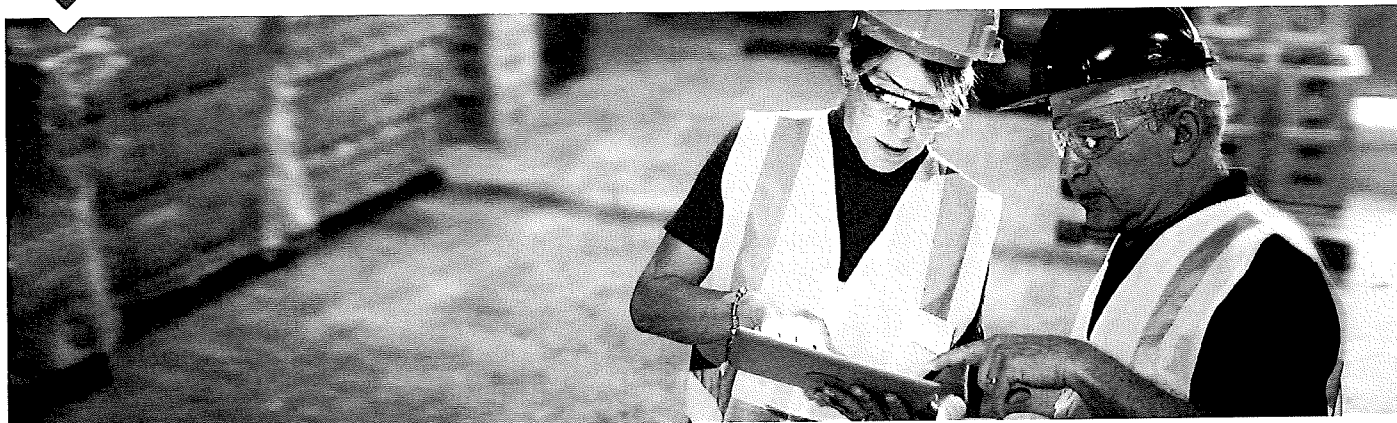
With the responsive companies, we spoke at a range of different levels. At one we spoke with the CEO; at others, our dialogue took place with representatives including the head of HR, head of Compensation and Benefits, sustainability experts, as well as Investor Relations.

Most discussions were open, though the information provided was limited overall, with one very positive exception: Tesco. All companies highlighted the need to pay appropriate wages, though interpretation varied as to what this meant in practice. Only one company, again Tesco, had pilots running for living wage payments in their supply chain. In addition, for their own staff, their new 2019 payment scheme – when combining base pay and other benefits – was forecast to reach UK living wage levels.

<sup>2</sup> <https://www.globallivingwage.org/>

<sup>3</sup> There are various methodologies to measure local and regional living wage. Among them are ISEAL Alliance – A Shared Approach to Estimating Living Wages (the Anker methodology), MIT's Living Wage Calculator, Centre for Policy Dialogue Bangladesh and Berenschot.

<sup>4</sup> As of December 19th, 2019



Whilst all companies assured us that they regularly assess wage levels, they also made it clear that the main criteria for pay decisions were inflation and pay rates at competitors. There was no information from any company that they would include social considerations – such as retention rates, health implications or customer satisfaction – in their methodologies.

Some of the companies we spoke with perform regular employee surveys, which include questions on overall satisfaction with pay and benefits packages. None of the companies disclose the results, even in an aggregated manner. We will continue to push for regular and transparent employee engagement surveys, which help detect areas and themes of dissatisfaction.

The current overall level of workforce disclosure by the retailers we engaged was very poor. Enhanced disclosure on workforce aspects, including wage level data, is needed

to allow us to compare best practice, frame engagement asks in a more targeted way and take better informed investment decisions.

### Outlook

We will continue in 2020 to engage the focus companies on their attitude to paying a living wage and on enhanced workforce data disclosure. We will also start asking for targets for adjustments in remuneration and social benefits.

In addition, to build the case for action, we are working with a group of companies, NGOs and an agency for international development cooperation to develop and pilot a methodology for 'social opportunities scenario analysis', which would help companies to consider the trade-offs between short-term cost management and long-term employee satisfaction and performance in a more structured way.

### Living Wage – disclosure and jurisdictional availability

Issuer	HQ country	Platform Living Wage Financials <sup>5</sup> methodology score (Maximum = 40)	Workforce Disclosure Initiative (WDI) <sup>6</sup> disclosure 2019
Costco	USA	3.8	No
Dollar General		1	No
Dollar Tree		1.9	No
Sysco		1.9	No
Walmart		1.5	No
Tesco	United Kingdom	10.3	Yes
Fast Retailing	Japan	6.8	No
George Weston	Canada	1	No
Loblaws		1.9	No
CECONOMY	Germany	0	No

<sup>5</sup> The Platform Living Wage Financials is an alliance of investors that encourages and monitors investee companies to address the non-payment of living wage in global supply chains. The Platform's rating methodology is aligned with the UN Guiding Principles on Business and Human Rights and has eight overarching categories covering various aspects of best practice. We used this methodology to score companies, using publicly available information, i.e. the company's annual and sustainability reports as well as their websites. Scores cover own operations and supply chains, and have been weighted and rounded to one decimal place.

<sup>6</sup> The Workforce Disclosure Initiative (WDI) is a project run by UK-based NGO ShareAction that aims at improving data from listed companies on how they manage workers in their direct operations and supply chains. The survey covers themes including human rights, diversity, pay ratios to overall wage levels, turnover rates, training, occupational health and safety, freedom of association, whistleblowing, structure of the company's supply chain as well as sourcing procedures. An ESG Viewpoint on our WDI-related engagement from November 2019 can be found here: <https://www.bmogam.com/gb-en/intermediary/news-and-insights/esg-viewpoint-the-quest-for-workforce-disclosure/>

Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any companies that may be mentioned.

The information, opinions, estimates or forecasts contained in this document were obtained from sources reasonably believed to be reliable and are subject to change at any time.

### How BMO Global Asset Management can help you

BMO Global Asset Management incorporates material ESG issues into its investment processes across asset classes. We also offer our Responsible Funds range, which invests in companies operating sustainably and excludes those not meeting our ethical and ESG criteria, and our *reo*<sup>®</sup> engagement service, through which we provide engagement and voting services covering global equities and credit.



*reo*<sup>®</sup> is a registered trademark of BMO Asset Management (Holdings) PLC.



Committee and date  
Pensions Committee

24 July 2020

10.00am

Item

Public

## PENSIONS ADMINISTRATION MONITORING REPORT

**Responsible Officer** Debbie Sharp

Email: [debbie.sharp@shropshire.gov.uk](mailto:debbie.sharp@shropshire.gov.uk)

Tel: 01743 252192

### 1. Summary

- 1.1 The report provides members with monitoring information on the performance of and issues affecting the pensions administration team.

### 2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

#### 3.1 Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

#### 3.2 Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

#### 3.3 Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

#### 3.4 Financial Implications

Managing team performance and working with other administering authorities ensures costs to scheme employers for scheme administration are reduced. Reconciling the fund's guaranteed minimum pension liabilities (GMPs) with HMRC will have a direct cost for the fund but if this is not undertaken the fund risks taking on financial liabilities it didn't need to and having its data called into question by the fund actuary. LGPS having to fully index GMP's will

increase costs for the fund going forward. Further compliance with TPR code has highlighted areas where further costs could be incurred.

### 3.5 **Climate change appraisal**

1. Energy and fuel consumption: No effect
2. Renewable energy generation: No effect
3. Carbon offsetting or mitigation: No effect
4. Climate Change adaptation: No effect

## 4. **Performance and Team Update**

- 4.1 The team's output and performance level to June 2020 is attached at **Appendix A**. These are either single standalone tasks or tasks that are part of a case. Cases are a complete process that hold steps (tasks) for a procedure to be completed.
- 4.2 The chart shows that outstanding tasks and cases rose in the early part of the quarter but then started to come down. The number of processes completed has increased. It's interesting to see that since last reporting in March the team has been fully working from home and this has not affected the team's processing performance. It should be noted that during this time a lot of work has been undertaken across the team that is not reflected in this chart. This includes the annual Pensions Increase, monthly payroll processing, year-end reconciliations, data cleansing to name a few and work on Annual Allowance calculations has commenced. The team have also commenced the annual project to calculate and produce this year's annual benefit statement.
- 4.3 A large piece of work currently is data cleansing following the month 12 submissions from all Fund Employers. This checks that records hold contributions and pay for all active members and approximately 1300 queries have had to be sent back to employers. These records once checked must be subsequently updated manually if it is found that the incorrect pay or contributions were submitted. A sense check is then undertaken across all records to ensure that the pay submitted looks reasonable against the previous years. To writing this report 2000 individual records had been checked.
- 4.4 As well as internal checks to ensure records are accurate to produce annual benefit statements, an annual check of data quality, in line with The Pension Regulators Guidance and the scheme specific data agreed by the Scheme Advisor Board, is undertaken by our software provider. They take our data and apply many tests across it, this runs into the millions, which provides a score for the Pensions Regulator's Annual Statutory Return.

- 4.5 In 2019 GAD did a dry run for the 2020 Cost Cap valuation they will undertake. The Fund provided them with full membership data. GAD provided feedback to all Funds on the data provided. They identified areas where they thought an improvement could be made. For the 2020 cost cap valuation of the E&W LGPS (assessed as at 31 March 2020) all LGPS funds will need to submit membership data to GAD in Autumn 2020 as part of this valuation.

## 5. Help Desk Statistics

- 5.1 The following chart shows the number of queries received through the helpline number.

	February 2020	March 2020	April 2020
Telephone calls received	740	641	533
Queries dealt with by helpdesk at first point of contact %*	89.72%	92.67%	89%
Users visiting the Website	2,104	1,925	1,906
Member drop ins	68	43**	0**

\* Where queries have not been dealt with by helpdesk, this will usually mean that the calls have been picked up by the rest of the team.

\*\*Drop ins suspended due to Covid-19 procedures from 23.03.2020.

- 5.2 The Helpdesk also responds to emails daily. The following table shows the number of enquiries:

	February 2020	March 2020	April 2020
Emails Received	616	510	744
% of emails responded to within 3 working days	100%	100%	100%
Average number per day	30.8	23.18	33.82

## 6. Communications and Governance

- 6.1 The fund monitors member take-up of its online area, member self-service (MSS), known by members as 'My Pension Online'. The annual benefit statements for both active and deferred members are available to view on 'My Pension Online', unless a member has requested a paper copy. As at 30 June 2020 a total of 44% active

members, 36% of deferred members and 29% of pensioner members were registered to view their records on 'My Pension Online'.

- 6.2 Communication to scheme members and employers has continued throughout the coronavirus pandemic. The team have kept scheme members up to date using email alerts, information posted to a dedicated Covid-19 page on the fund website and by inserting a leaflet with all outgoing mail. Information has also been shared which has been published by the Local Government Association (LGA) for LGPS members found here: [https://www.lgpsmember.org/news/story/covid\\_19\\_member\\_qanda.php](https://www.lgpsmember.org/news/story/covid_19_member_qanda.php) Scheme member updates have covered changes to the service provision resulting from the team working from their homes, but also covered a warning about a rise in pension scams during Covid-19 and the impact of transferring on the LGPS benefits.
- 6.3 Employers have received monthly updates on the impact of the coronavirus pandemic on the LGPS and the team's systems and processes. Employers were told to contact the team if they were unable to undertake any of their responsibilities as an LGPS employer during this time. To date, no employers have contacted the team. A request has also been made to employers to inform the fund if they have or are intending to furlough scheme members, so a record can be kept.
- 6.4 In line with The Pension Regulator's national guidance for pension administrators the team have been limiting any non-critical work and prioritising case work such as making payments, dealing with new retirements/deaths and keeping members safe from scams.
- 6.5 This priority work still requires an incoming and outgoing post function. The team have managed this by 2 members of the team visiting the Shirehall twice a week, since lockdown restrictions began. The time spent during these visits has ensured all incoming valuable post (such as certificates and cheques) are dealt with and any printed outgoing letters are continued to be issued within the statutory time limits, but a more permanent solution is being looked into as manual bulk packing carries risks of data being received by the wrong person.
- 6.6 The team are issuing letters etc electronically via the Pensions Administration System, but this isn't suitable for all members/organisations and to adhere to statutory requirements to make the information available to all. Many team practices have been adapted, including utilising internal Shropshire Council services to scanning incoming mail, asking other organisations to email rather than use the post and requesting members to return forms electronically and provide photocopies of certificates when possible. A permanent solution is being investigated to deal with outgoing post via an automated printing and postage service.

Processes are being put into place going forward, to only accept photocopies of member identification documents which are required to verify personal details and stop fraud.

- 6.7 HMRC require an end of year P60 notification, this was sent to home addresses before the statutory deadline. The retired members' newsletter 'InTouch' was also provided. This included a Coronavirus update. Pensioner Members were asked to provide feedback on moving to an electronic P60 issued via 'My Pension Online' (unless a paper copy was requested). This feedback is currently being collated and will be shared with members at the next committee meeting.
- 6.8 Work is underway to produce this year's Annual Benefit Statements for active and deferred members by 31 August and comply with HMRC legislation by checking on all members pension growth against the annual allowance. As with previous years, the team have been leading the project to collaboratively produce newsletters to accompany the statements. 13 other funds have participated in producing the newsletter for deferred members and 12 other funds for active members. Both newsletters have reviewed by Plain English and received the crystal mark, the seal of approval for the clarity of a document.

## **7. Employer performance**

- 7.1 In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions by the 19<sup>th</sup> of the month. Accompanying data must also be submitted via i-Connect by this date. The table below shows the percentage of employers who have met the deadline over this quarter. This table also includes information about employers who make monthly deficit payments. Information about employers who did not meet these deadlines is covered in the governance report.
- 7.2 The table shows that the rate for submitting data on time dropped slightly in April and May 2020 although the payments of the main contributions continued at a steady rate. Some employers did experience issues working from home due to the Covid-19 lockdown. It is also interesting to note that late payment of deficit sums due increased March and April and again this was due to Covid-19. Some employers, such as Academy schools, make a direct payment it does not come from their payroll providers. Following the 2019 Valuation the deficit payments due changed from April 2020 for all employers together with their Employer monthly contribution rate and this caused problems for some employers due to having to change the direct payments with their bank.

	March 2020	April 2020	May 2020
i-Connect data	93.66%	90.71%	90.78%
Monthly contributions	93.71%	93.53%	92.81%
Monthly deficit	88.24%	87.88%	95.45%

- 7.3 A check was undertaken in May 2020 to ensure that all employers had applied their new employer contribution rate following the 2019 Valuation. Unfortunately, 45 employers continued to pay either an incorrect % from salaries or an incorrect lump sum deficit payment in April 2020. A further 6 employers also paid incorrectly in May.

## 8. Cyber security

- 8.1 The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension funds must follow to make sure they have good cyber security. Shropshire County Pension Fund takes data security very seriously and works closely with Shropshire Council's IT team and any companies providing pensions software to confirm that the systems holding personal data are protected.
- 8.2 Shropshire Council's IT security officer has confirmed that should any attacks become apparent on any of the Pensions Systems then we would be immediately made aware. To date no attacks to the Pensions administration Teams' systems have been reported. There is no update to the Council's statistics available since the last report to committee.
- 8.3 Over the last quarter, the pensions team have refreshed their Data Protection Training and Cyber Security Training through Shropshire Council's Leap into Learning portal. These are both mandatory to complete on an annual basis.

## 9. Virtual Server move

- 9.1 The Pensions Administration system Altair currently runs off a Windows 2012 virtual server and uses an Oracle database. As Windows 2012 is no longer supported a project is underway to move to a new version. It was agreed that to future proof the systems and to ensure costs are kept to a minimum, that a move to Windows 2019 instead of Windows 2016 was the best option. Our software supplier, Aquila Heywood confirmed recently that 2019 is now supported so the project is underway following the signing of a Technical Study.
- 9.2 The Council's IT team will build the Server during July and August 2020 and the Pensions Administration team will be involved in the User Acceptance Testing (UAT) during late August. Go Live should be in early September 2020.
- 9.3 External fees for this project should not exceed £17,000.

## **10. Address Tracing**

- 10.1 Work has been undertaken with a contractor, to trace addresses for all non-active scheme members. We are aware of 'unknown address' when post has been returned and this is flagged on the member's record.
- 10.2 Several checks across all member addresses have been undertaken. This includes looking at various activity taking place at that address under the surname we hold plus checking various data bases. When confident that the person is "living as stated" then no further checks are needed.
- 10.3 When further checks or clarification is required. This involves letters going to scheme members telling them this is the address that will be used going forward, in some cases a confirmation call from the person was required.
- 10.4 Work continues as a full trace was required for 23 records, particularly for those with a pension in payment. Pensions are suspended, to reduce overpayments, when post has been returned or the member had not responded when writing to them.
- 10.5 12 new addresses have been found. There were 4 cases confirmed that the address held currently was correct and the remaining 7 have not been traced. With these cases a communication has been sent to a possible family member and should this person respond in the affirmative an update will be given.

## **11. Mortality Checking**

- 11.1 The fund undertakes mortality screening on a monthly basis to help keep member records up to date and reduce overpayments. From the start of the contract on 1 August 2019 up until 30 June 2020 there have been 63 deaths identified within the membership which the Fund were not aware of:
- 31 pensioners/survivors' records
  - 4 deferred record
  - 28 frozen refund records
- 11.2 Due to the Covid-19 pandemic the Fund have monitored the number of death cases over the last 6 months, compared to that of the previous 2 years. This data is based on date of death not the date of notification. We are not always notified timely of a death, one of the reasons the monthly mortality service was undertaken. The statistics show only a slight rise in the overall number across the first six months of 2020:

Total Deaths	January	February	March	April	May	June
2020	40	36	42	42	36	21
2019	29	25	25	43	46	33
2018	38	37	37	31	29	38

- 11.3 The Scheme Advisory Board (SAB) have asked the Local Government Association (LGA) to collate death data from each administrating authority, to help understand the impact of the Covid-19 pandemic on the LGPS.
- 11.4 The purpose of collecting the data is to identify trends in the number of deaths. The expectation is that the data will show an initial upward curve that is now flattening. By continuing to collect this data in the coming months it will help identify indications of a second wave, as well as any increases in demand on resources and regional variations.
- 11.5 The data being requested is the total number of notifications of deaths of pension members each calendar month, rather than the number of actual deaths in each calendar month.
- 11.6 The total number of notifications of deaths of pensioner members in the Shropshire Fund, which have been provided to the LGA are;

	February	March	April	May	June
Total number of death on pension cases	48	36	43	42	49

## 12. GMP Reconciliation/Rectification Update

- 12.1 At the previous committee meeting on 19 March 2020, we reported that we were unable to write out to members affected by the rectification exercise, due to delays in receiving information from HMRC. The delay was communicated to members via an email update and posted on the website. An article on this matter was also in the Spring 2020 edition of InTouch magazine, issued May 2020.
- 12.2 The final data cut, which the Fund required from HMRC, has recently been received. Work has been started on the revised data to ensure the correct GMP rectification will take place. Once this has been undertaken, revised timescales will be provided for the date for the rectification of benefits. This project has to now be fitted around the projects running to statutory timescales over the summer and the server move.

### **13. Regulation Update**

- **Exit Credits**

13.1 In March 2020, the exit credit regime in England & Wales was amended to give administering authorities the discretion to determine the final exit credit considering the size of the surplus, the part of the surplus arising from employer contributions, information from the ceding employer and any connected employer and 'any other relevant information'. There is a material level of ambiguity in respect of these items which presents the Fund with challenges, as to how they are considered and applied. Any disputes are to be routed through the Regulations Internal Dispute procedures. We are currently waiting for further guidance of how the Fund can demonstrate the requirements of the Regulations have been applied before updating policies.

- **Preparing for McCloud Remedy**

13.2 The Court of Appeal has ruled (McCloud and Sargeant) that the Government's 2015 public sector pension reforms unlawfully treated existing public sector employees differently based upon members' ages on the 1 April 2012. This was accepted that this affected the LGPS too.

13.3 It is expected that a consultation on the McCloud LGPS remedy will be issued before Parliament's summer recess (21 July).

13.4 You will recall, in the LGPS, active members who were within 10 years of their normal pension age on 31 March 2012 were protected via a statutory underpin. Those who meet the criteria for the underpin receive the better of their CARE pension or one calculated under 2008 scheme rules (2009 for Scotland), for any service up to 31 March 2022.

13.5 The protections granted to a relatively small tranche of members back in 2014/15 are now to be broadened. Data will need to be collected from employers going back to 2014/15. Challenges arising from the administration, communications and project management of the process are likely to be significant. This work will also not be able to be undertaken within the current Team resource.

13.6 Due to the fundamental differences between CARE and final salary schemes, the record keeping requirements are not the same. To enable the underpin calculation to be performed, both sets of data requirements apply. Having to retrospectively collect data back to 2014 for members is a daunting task for employers and the Fund.

13.7 The remedy is yet to be determined but it is safe to assume there will need to be a process of identification, record adjustment, recalculation, comparison, payment adjustment, arrears calculation and payment, possibly with interest.

- 13.8 The Fund has raised this with all Scheme Employers and is already working on identifying whether missing data can be identified easily or not.
- 13.9 An approximate allowance for the funding impact of McCloud was considered at the 2019 Fund valuation. Depending on the actual nature and cost of any remedy, the Fund will need to consider if adjustments to employer contribution rates are required before the next round of funding valuations
- 13.10 The interaction between McCloud and the national cost management process will also need to be resolved. Whether the cost management process considers any remedies as a result of McCloud will depend on the outcome of the current legal challenge recently lodged by some trade unions.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Pensions Committee Meeting 19 March 2020 Pensions Administration Report

**Cabinet Member (Portfolio Holder)**

NA

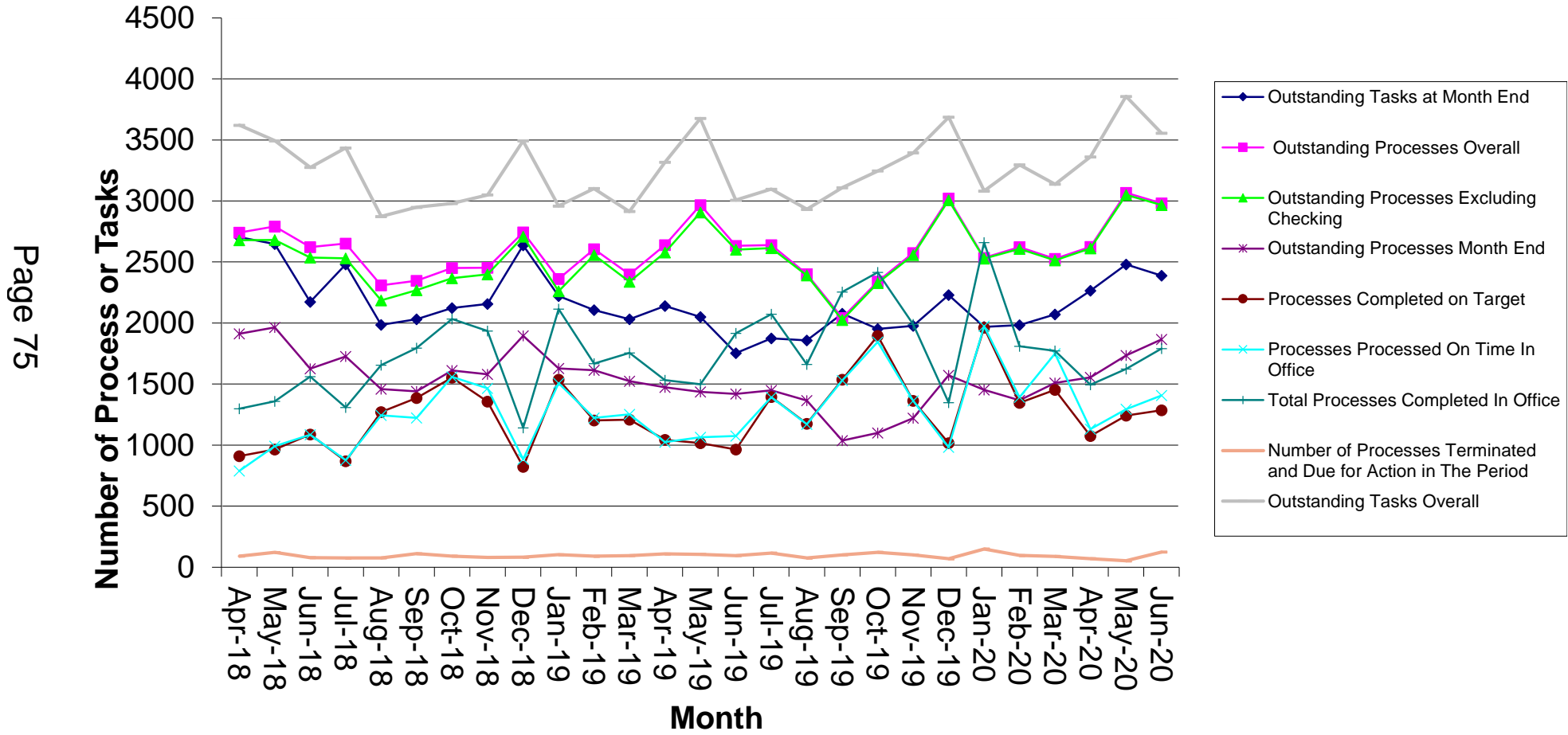
**Local Member**

NA

**Appendices**

Appendix A – Performance Chart

### Process and Task Statistics



This page is intentionally left blank



#### **4. Financial Implications**

4.1 N/A

#### **5. Climate Change Appraisal**

5.1 N/A

#### **6. Background**

6.1 As a consequence of the meeting being cancelled, the Agenda for 19 March 2020 was reviewed and identified which reports were just for information, which reports could be deferred to the next Pensions Committee Meeting in July, and which reports and recommendations need to be exercised under the authorisation provided above. For ease of reference, I have listed the items which were approved under the authorisation provided above here and agreed with Pension Committee members:

##### **9. Funding Strategy Statement**

2.1 Members are asked to approve the Funding Strategy Statement at Appendix A.

##### **10. Pension Fund Treasury Strategy 2020/21**

2.1 Members are asked to delegate authority to the Scheme Administrator (Section 151 Officer) to manage the Pension Funds day to day cash balances.

2.2 Members are asked to approve, with any comments, the Pension Fund Treasury Strategy.

2.3 Members are asked to authorise the Scheme Administrator (Section 151 Officer) to place deposits in accordance with the Pension Fund's Treasury Strategy.

2.4 Members are also asked to delegate authority to the Scheme Administrator (Section 151 Officer) to add or remove institutions from the approved lending list and amend cash and period limits as necessary in line with the Administering Authority's creditworthiness policy.

##### **11. Corporate Governance Monitoring**

2.1 Members are asked to accept the position as set out in the report, Manager Voting Reports at Appendix A and BMO Global Asset Management Responsible Engagement Overlay Activity Report at Appendix B.

##### **12. Pensions Administration Monitoring**

2.1 Members are asked to accept the position as set out in the report and;

2.2 To approve, with or without comment, the revised Communications Policy Statement at Appendix B.

##### **17. Investment Monitoring - Quarter to 30 December 2019 (Exempted by Category 3)**

2.1 Members note the position as set out in the report.

2.2 Members approve the transfer of assets from the hedge fund with Blackrock (QIP) into the Blackrock BAS Fund.

2.3 Members give delegated authority to the Director of Finance Governance & Assurance in conjunction with the Chair to invest in the next Harbourvest fund in order to keep the strategic allocation to private equity at 5%.

6.2 Any other items that are not deferred to July, where Members are asked to note the contents of the report (or similar wording) were also approved under the above authorisation by the Director of Finance Governance & Assurance.

- 6.3 Given that the meeting was due to take place on the morning of 19 March, and all papers were sent out in advance, in accordance with our standard procedures, Members were asked to raise any points, questions or queries in relation to the reports, between 9am and 1pm on 19 March 2020, when the meeting would otherwise have taken place. All queries were responded to on the day and the Director of Finance Governance & Assurance then approved all the recommendations and reports.
- 6.4 Item 15 'Equity Protection Update' provided an update to the Pensions Committee of the arrangements put in place. With the recent impacts on markets this protection has never been more valuable and has provided us with a significant degree of protection. We need to continue to reassess our position in light of current and every changing market conditions. We formally requested delegation to the Director of Finance, Governance and Assurance, in consultation with the Chair, Officers and Advisors to implement appropriate action.
- 6.5 A teleconference was organised for 10am to 11:30am on Thursday 19 March 2020 between officers and our advisors and the Chair to receive a detailed update and review our options for action, which will then be taken forward under the authorisation above. In light of the cancelation of the Pensions Committee Meeting and the intention to update Members, the invite to the teleconference was extended to all Pension committee Members.

## 7. Delegated Decisions

- 7.1 Members have already agreed the recommendations and noted all the reports for the meeting that was due to be held on 19 March 2020 and the Director of Finance Governance & Assurance formally approved all decisions under the above delegation. Members are asked to note this report so the delegated decisions taken are formally agreed in the minutes of the 24 July Pension Committee meeting.

<p><b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b></p>
--

<p>Pensions Committee Reports, 19 March 2020</p>
--

<p><b>Cabinet Member (Portfolio Holder)</b></p>
---

<p>N/A</p>
------------

<p><b>Local Member</b></p>
----------------------------

<p>N/A</p>
------------

<p><b>Appendices</b></p>
--------------------------

<p>N/A</p>
------------

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank