# VOTING AND ENGAGEMENT ACTIVITY

Welcome to your Quarterly Report's Engagement Activity section. Here we share company engagement reports and voting notes on particular issues that we trust you will find of interest.

**Please note that these company reports are firm wide to give you a full picture of Majedie's stewardship work on behalf of all clients. However, the voting record table which follows is bespoke.**

- During the quarter, the Stewardship team attended BHP Billiton's launch of its inaugural Water Stewardship Report. The Resources company announced a new five-year water target of a 15% reduction in fresh water withdrawal by Financial Year 2022 across its operated assets.

We engaged with a number of company management teams over the quarter, examples of which we give below.

- We collaborated with an investor group on examining the proposal by the management team of **Unilever** to move their HQ to The Netherlands, for which the company needed the support of 75% of UK shareholders and 50% of Dutch shareholders. The company described their proposal as a simplification of their listing, but it gave rise to serious concerns for many investors. The issues were both complex and contentious but a key question that we did not think Unilever answered was that this move would have increased Unilever's protection from takeover and thus reduces the function of capital markets in winnowing out underperforming managements. We were therefore minded to vote against. After the end of the quarter the company withdrew the proposal, citing the extent of shareholder opposition.
- We met with the incoming chairman of **Tullow Oil**, Dorothy Thompson, to discuss her approach to governance and leadership. We shared our thoughts on the importance of diversity and how Tullow could benefit from improved decision making by appointing a more diverse board. As always with Resources companies, safety was discussed as the top priority. We offered some suggestions for how Tullow could improve management targets with the aim of giving the business a better focus on returns, capital allocation, and resilience to low oil prices.
- At **Mosaic**, we have met their Investor Relations team numerous times since we invested in the stock. The company recently appointed a new CFO whom we had the chance to meet. We talked in detail through the company's internal financial process, how he thinks this could be improved and the impact it should have on the company: i) better forecasting ii) more up to date information iii) more benchmarking and analysis. The new CFO also asked for our views on a range of topics i) optimal financial leverage for Mosaic ii) our perception of Mosaic iii) the companies communication with investors. We urged them to focus on a less financially leveraged balance sheet and much clearer communications with investors when thinking about profitability at a range of commodity prices.

**BT, AGM:** We voted against the Remuneration Report as we concluded the bonus paid to CEO Gavin Patterson was too high in the context of the company's performance during the period covered by the award.

We noted the Chairman's announcement that Patterson will leave the company and that a search for a successor was underway. We had previously written to the company expressing our desire for a change of CEO following the announcement of the company's results. We therefore voted against Patterson's re-election as CEO.

**Naspers, AGM:** We voted against the Remuneration Policy. Third-party research found that long-term incentives would vest without any requirements for performance conditions to be satisfied, with a portion of some awards vesting after only one year. It was also noted that the total number of shares reserved for equity compensation

purposes was considered excessive. However, the company has committed to settle all equity awards via shares repurchased from the market from April 2018.

We also voted against the report on the Remuneration Policy's implementation, as the CEO received a significant increase in fixed pay of approximately 21% with no explanation provided by the company. In addition, we voted against a number of resolutions that would have led to shareholder dilution, greater board power and the perpetuation of the company's unequal dual class share structure. On the latter, we also voted against the company's repurchase of the non-publicly traded A ordinary shares which had multiple voting rights. The company did not specify how the purchase price would be determined or if a limit would apply to the repurchases, not to mention the potential conflicts of interest that could exist.

**Dixons Carphone, AGM:** Following an engagement call with the Chair of the Remuneration Committee where we discussed the Remuneration Report in detail, we were satisfied to vote in favour of the Report.

**Malin, AGM**: We voted against the Remuneration Report. LTIP awards had been granted to two executives which vested over twenty-three months, whereas industry practice follows a timeframe of at least three or often five years. Furthermore, in the event an Executive Director's contract was terminated, twenty-four months' salary and double the prior year's bonus could be paid, which is not best practice. We also voted against authorising the Board to fix the remuneration of the auditors. Total non-audit fees were twice the amount of the audit fees and this was not good practice. Lastly, we voted against giving authorisation for the market purchase of shares, as the company could have paid up to 10% above the market price.

**Colruyt, AGM:** We voted against the Remuneration Report. This was because Jef Colruyt held a combined Chairman/CEO position and Frans Colruyt had a combined executive and non-executive position, and they were both remunerated for each of their roles. We also voted against Jef Colruyt's re-election as Director, because of his combined position, and his non-executive role meant he would have two board seats. We voted against Wim Colruyt because the nominee was considered non-independent whereas the Board and the Audit Committee were not sufficiently independent. We also voted against approval of the allocation of income, as we disagreed with the distribution of profit shares to certain shareholders as it implied unequal treatment of shareholders. We were content not to oppose these issues previously. However, because Colruyt has chosen to maintain this approach, we decided to vote against.

**XPS Pensions, AGM**: We voted against the Remuneration Report as four of the Executive Directors had received 20% salary increases following the acquisition of Punter Southall. The increases, which were motivated by the company's aim to reduce the gap between the Executives' salaries and the relative market medians, were not justified in our view.

**Northgate, AGM:** We voted against the Remuneration Report as we disagreed with the CEO's salary increase of approximately 10%, which would also benefit his variable remuneration. On engaging with the company, we were advised that the increase had emerged from a benchmarking exercise.

In governance matters, Andrew Allner, a non executive director, had attended fewer than 75% of board meetings over the year. We engaged with the company who advised us that a number of short notice meetings were called by the company, which Allner was unable to attend. The company said that a normal schedule of meetings is expected going forwards. We were therefore content to vote in favour of this director's re-election.

**Ryanair, AGM:** We abstained on the re-election of Kyran McLaughlin as Director (McLaughlin held the role of Senior Independent Director or 'SID'). McLaughlin was due to retire but the death of another director earlier this year meant that he was asked to stay on. We wished to see independence on the Board increased, given the possible loss of voting rights, and McLaughlin had been on the Board for seventeen years. We also felt McLaughlin was off the pace in knowing the duties of a SID in our recent meeting with him in Dublin and our abstention was an indication that we would like him to retire.

**Tungsten, AGM:** We voted against the election of two director candidates as the nominees' candidature had been promoted by another shareholder. We did not think the two candidates were of appropriate quality for the Board, whose current composition we supported. On the Remuneration Report, we noted third-party research concerns on the nature of the options granted to the CEO and CFO, in particular the length of the vesting period and the absence of linked performance hurdles. However, we will engage with the company to ensure this improves in future, as we recognised the current need for the company to use remuneration as a tool to retain talent.

# 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 smaller company as having a market capitalisation of £1.7bn or less.

| 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. |
| 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 therefore will not be diluted. We therefore vote for such proposals if they protect or increase shareholder value. |
| 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. However, in a few limited cases we may support the management if they are making the issuance without pre-emptive rights in the course of a re-financing exercise. |
| 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 | 36 | |
| Number of resolutions | 518 | |
| Where we voted in line with Management | 497 | 95.9 |
| Where we have not voted in line with Management | 21 | 4.1 |

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 |
|---|---|---|
| Board election & related proposals | 4 | 1 |
| Capitalisation | 0 | 0 |
| Miscellaneous | 4 | 0 |
| Remuneration | 0 | 0 |
| Reorganisations, mergers & anti-takeover | 0 | 0 |
| Routine/Business | 13 | 0 |
| Total | 21 | 1 |

Sources: Majedie, ISS (Institutional Shareholder Services)

# VOTING RECORD DETAILS

| SECURITY NAME | MEETING DATE | MEETING TYPE | MAJEDIE VOTE |
|---|---|---|---|
| | 27 Jul 2018 | AGM | Voted for all |
| ACCSYS TECHNOLOGIES | 18 Sep 2018 | AGM | Voted for all |
| AMINEX | 11 Jul 2018 | AGM | Voted for all |
| BIFFA | 18 Jul 2018 | AGM | Voted for all |
| BLOOMSBURY PUBLISHING | 18 Jul 2018 | AGM | Voted for all |
| BRITISH LAND | 17 Jul 2018 | AGM | Against Resolution 18 |
| BT GROUP | 11 Jul 2018 | AGM | Against Resolutions 2, 5, 19 |
| CARPETRIGHT | 06 Sep 2018 | AGM | Against Resolution 14 |
| CARPHONE WAREHOUSE GROUP | 06 Sep 2018 | AGM | Against Resolution 14 |
| CHARLES STANLEY GROUP | 24 Jul 2018 | AGM | Voted for all |
| DE LA RUE | 26 Jul 2018 | AGM | Against Resolution 13 |
| ECKOH | 19 Sep 2018 | AGM | Voted for all |
| ELECTROCOMPONENTS | 19 Jul 2018 | AGM | Voted for all |
| FASTJET | 27 Jul 2018 | EGM | Voted for all |
| FIRSTGROUP | 17 Jul 2018 | AGM | Against Resolution 19 |
| GREENE KING | 07 Sep 2018 | AGM | Voted for all |
| KCOM GROUP | 20 Jul 2018 | AGM | Voted for all |
| MARLOWE HOLDINGS | 05 Sep 2018 | AGM | Against Resolution 6 |
| MOTHERCARE | 26 Jul 2018 | EGM | Voted for all |
| MOTHERCARE | 12 Jul 2018 | EGM | Voted for all |
| MOTHERCARE | 19 Jul 2018 | AGM | Against Resolution 11 |
| NCC | 26 Sep 2018 | AGM | Voted for all |
| NORTHGATE | 18 Sep 2018 | AGM | Against Resolution 3 |
| OPHIR ENERGY | 20 Aug 2018 | EGM | Voted for all |
| OXFORD INSTRUMENTS | 11 Sep 2018 | AGM | Voted for all |
| QINETIQ GROUP | 25 Jul 2018 | AGM | Against Resolution 15 |
| RENEWI | 12 Jul 2018 | AGM | Against Resolution 14 |
| RYANAIR | 20 Sep 2018 | AGM | Abstain on Resolution 3d |
| SPEEDY HIRE | 19 Jul 2018 | AGM | Against Resolution 18 |
| SUPERGROUP | 11 Sep 2018 | AGM | Against Resolution 13 |
| TATE AND LYLE | 26 Jul 2018 | AGM | Against Resolution 14 |
| TUNGSTEN | 21 Sep 2018 | AGM | Against Resolutions 5, 6 |
| VERTU MOTORS | 25 Jul 2018 | AGM | Voted for all |
| VICTORIA OIL & GAS | 07 Aug 2018 | EGM | Voted for all |
| VODAFONE | 27 Jul 2018 | AGM | Against Resolution 22 |
| XAFINITY | 13 Sep 2018 | AGM | Against Resolution 3 |

Source: Majedie

## Vote Summary Report

Date range covered: 07/01/2018 to 09/30/2018
Location(s): Harris Associates L.P.
Institution Account(s): 5984 -Shropshire County Pension Fund

# Experian plc

**Meeting Date:** 07/18/2018 **Country:** Jersey **Primary Security ID:** G32655105
**Record Date:** 07/16/2018 **Meeting Type:** Annual **Ticker:** EXPN

**Primary CUSIP:** G32655105 **Primary ISIN:** GB00B19NLV48 **Primary SEDOL:** B19NLV4

**Shares Voted:** 123,900

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 1 | Accept Financial Statements and Statutory Reports | Mgmt | For | For | For | For |
| 2 | Approve Remuneration Report | Mgmt | For | For | For | For |
| 3 | Elect Dr Ruba Borno as Director | Mgmt | For | For | For | For |
| 4 | Re-elect Brian Cassin as Director | Mgmt | For | For | For | For |
| 5 | Re-elect Caroline Donahue as Director | Mgmt | For | For | For | For |
| 6 | Re-elect Luiz Fleury as Director | Mgmt | For | For | For | For |
| 7 | Re-elect Deirdre Mahlan as Director | Mgmt | For | For | For | For |
| 8 | Re-elect Lloyd Pitchford as Director | Mgmt | For | For | For | For |
| 9 | Re-elect Don Robert as Director | Mgmt | For | For | Refer | For |
| 10 | Re-elect Mike Rogers as Director | Mgmt | For | For | For | For |
| 11 | Re-elect George Rose as Director | Mgmt | For | For | For | For |
| 12 | Re-elect Paul Walker as Director | Mgmt | For | For | For | For |
| 13 | Re-elect Kerry Williams as Director | Mgmt | For | For | For | For |
| 14 | Reappoint KPMG LLP as Auditors | Mgmt | For | For | For | For |
| 15 | Authorise Board to Fix Remuneration of Auditors | Mgmt | For | For | For | For |
| 16 | Authorise Issue of Equity with Pre-emptive Rights | Mgmt | For | For | For | For |
| 17 | Authorise Issue of Equity without Pre-emptive Rights | Mgmt | For | For | For | For |
| 18 | Authorise Issue of Equity without Pre-emptive Rights in Connection with an Acquisition or Other Capital Investment | Mgmt | For | For | For | For |
| 19 | Authorise Market Purchase of Ordinary Shares | Mgmt | For | For | For | For |

## Vote Summary Report

Date range covered: 07/01/2018 to 09/30/2018
Location(s): Harris Associates L.P.
Institution Account(s): 5984 -Shropshire County Pension Fund

# Naspers Ltd.

**Meeting Date:** 08/24/2018 **Country:** South Africa **Primary Security ID:** S53435103
**Record Date:** 08/17/2018 **Meeting Type:** Annual **Ticker:** NPN

**Primary CUSIP:** S53435103 **Primary ISIN:** ZAE000015889 **Primary SEDOL:** 6622691

**Shares Voted:** 27,835

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| | Ordinary Resolutions | Mgmt | | | | |
| 1 | Accept Financial Statements and Statutory Reports for the Year Ended 31 March 2018 | Mgmt | For | For | For | For |
| 2 | Approve Dividends for N Ordinary and A Ordinary Shares | Mgmt | For | For | For | For |
| 3 | Reappoint PricewaterhouseCoopers Inc as Auditors of the Company with Brendan Deegan as the Individual Registered Auditor | Mgmt | For | For | For | For |
| 4 | Re-elect Mark Sorour as Director | Mgmt | For | For | For | For |
| 5.1 | Re-elect Craig Enenstein as Director | Mgmt | For | For | For | For |
| 5.2 | Re-elect Don Eriksson as Director | Mgmt | For | For | For | For |
| 5.3 | Re-elect Hendrik du Toit as Director | Mgmt | For | For | For | For |
| 5.4 | Re-elect Guijin Liu as Director | Mgmt | For | For | For | For |
| 5.5 | Re-elect Roberto Oliveira de Lima as Director | Mgmt | For | For | For | For |
| 6.1 | Re-elect Don Eriksson as Member of the Audit Committee | Mgmt | For | For | Refer | For |
| 6.2 | Re-elect Ben van der Ross as Member of the Audit Committee | Mgmt | For | For | Refer | For |
| 6.3 | Re-elect Rachel Jafta as Member of the Audit Committee | Mgmt | For | For | Refer | For |
| 7 | Approve Remuneration Policy | Mgmt | For | Against | For | For |
| 8 | Approve Implementation of the Remuneration Policy | Mgmt | For | Against | For | For |
| 9 | Place Authorised but Unissued Shares under Control of Directors | Mgmt | For | Against | Against | Against |
| 10 | Authorise Board to Issue Shares for Cash | Mgmt | For | Against | For | For |
| 11 | Authorise Ratification of Approved Resolutions | Mgmt | For | For | For | For |
| | Special Resolutions | Mgmt | | | | |
| 1.1 | Approve Fees of the Board Chairman | Mgmt | For | For | Refer | For |
| 1.2 | Approve Fees of the Board Member | Mgmt | For | For | Refer | For |

## Vote Summary Report

Date range covered: 07/01/2018 to 09/30/2018
Location(s): Harris Associates L.P.
Institution Account(s): 5984 -Shropshire County Pension Fund

# Naspers Ltd.

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 1.3 | Approve Fees of the Audit Committee Chairman | Mgmt | For | For | Refer | For |
| 1.4 | Approve Fees of the Audit Committee Member | Mgmt | For | For | Refer | For |
| 1.5 | Approve Fees of the Risk Committee Chairman | Mgmt | For | For | Refer | For |
| 1.6 | Approve Fees of the Risk Committee Member | Mgmt | For | For | Refer | For |
| 1.7 | Approve Fees of the Human Resources and Remuneration Committee Chairman | Mgmt | For | For | Refer | For |
| 1.8 | Approve Fees of the Human Resources and Remuneration Committee Member | Mgmt | For | For | Refer | For |
| 1.9 | Approve Fees of the Nomination Committee Chairman | Mgmt | For | For | Refer | For |
| 1.10 | Approve Fees of the Nomination Committee Member | Mgmt | For | For | Refer | For |
| 1.11 | Approve Fees of the Social and Ethics Committee Chairman | Mgmt | For | For | Refer | For |
| 1.12 | Approve Fees of the Social and Ethics Committee Member | Mgmt | For | For | Refer | For |
| 1.13 | Approve Fees of the Trustees of Group Share Schemes/Other Personnel Funds | Mgmt | For | For | Refer | For |
| 2 | Approve Financial Assistance in Terms of Section 44 of the Companies Act | Mgmt | For | For | Refer | For |
| 3 | Approve Financial Assistance in Terms of Section 45 of the Companies Act | Mgmt | For | For | Refer | For |
| 4 | Authorise Repurchase of N Ordinary Shares | Mgmt | For | For | For | For |
| 5 | Authorise Repurchase of A Ordinary Shares | Mgmt | For | Against | For | For |

# Compagnie Financiere Richemont SA

**Meeting Date:** 09/10/2018 **Country:** Switzerland **Primary Security ID:** H25662182
**Record Date:** **Meeting Type:** Annual **Ticker:** CFR

**Primary CUSIP:** H25662182 **Primary ISIN:** CH0210483332 **Primary SEDOL:** BCRWZ18

**Shares Voted:** 44,604

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 1 | Accept Financial Statements and Statutory Reports | Mgmt | For | For | For | For |

**Vote Summary Report**
Date range covered: 07/01/2018 to 09/30/2018
Location(s): Harris Associates L.P.
Institution Account(s): 5984 -Shropshire County Pension Fund

# Compagnie Financiere Richemont SA

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 2 | Approve Allocation of Income and Dividends of CHF 1.90 per Registered A Share and CHF 0.19 per Registered B Share | Mgmt | For | For | For | For |
| 3 | Approve Discharge of Board of Directors | Mgmt | For | For | Refer | For |
| 4.1 | Reelect Johann Rupert as Director and Board Chairman | Mgmt | For | Against | Against | For |
| 4.2 | Reelect Josua Malherbe as Director | Mgmt | For | Against | Against | For |
| 4.3 | Reelect Nikesh Arora as Director | Mgmt | For | Against | Against | For |
| 4.4 | Reelect Nicolas Bos as Director | Mgmt | For | Against | Against | For |
| 4.5 | Reelect Clay Brendish as Director | Mgmt | For | For | For | For |
| 4.6 | Reelect Jean-Blaise Eckert as Director | Mgmt | For | Against | Against | For |
| 4.7 | Reelect Burkhart Grund as Director | Mgmt | For | Against | Against | For |
| 4.8 | Reelect Keyu Jin as Director | Mgmt | For | For | For | For |
| 4.9 | Reelect Jerome Lambert as Director | Mgmt | For | Against | Against | For |
| 4.10 | Reelect Ruggero Magnoni as Director | Mgmt | For | Against | Against | For |
| 4.11 | Reelect Jeff Moss as Director | Mgmt | For | For | For | For |
| 4.12 | Reelect Vesna Nevistic as Director | Mgmt | For | Against | Against | For |
| 4.13 | Reelect Guillaume Pictet as Director | Mgmt | For | For | For | For |
| 4.14 | Reelect Alan Quasha as Director | Mgmt | For | Against | For | For |
| 4.15 | Reelect Maria Ramos as Director | Mgmt | For | For | For | For |
| 4.16 | Reelect Anton Rupert as Director | Mgmt | For | Against | Against | For |
| 4.17 | Reelect Jan Rupert as Director | Mgmt | For | Against | Against | For |
| 4.18 | Reelect Gary Saage as Director | Mgmt | For | Against | Against | For |
| 4.19 | Reelect Cyrille Vigneron as Director | Mgmt | For | Against | Against | For |
| 4.20 | Elect Sophie Guieysse as Director | Mgmt | For | Against | Against | For |
| 5.1 | Appoint Clay Brendish as Member of the Compensation Committee | Mgmt | For | For | Refer | For |
| 5.2 | Appoint Guillaume Pictet as Member of the Compensation Committee | Mgmt | For | For | Refer | For |
| 5.3 | Appoint Maria Ramos as Member of the Compensation Committee | Mgmt | For | For | Refer | For |
| 5.4 | Appoint Keyu Jin as Member of the Compensation Committee | Mgmt | For | For | Refer | For |
| 6 | Ratify PricewaterhouseCoopers as Auditors | Mgmt | For | For | For | For |

## Vote Summary Report

Date range covered: 07/01/2018 to 09/30/2018
Location(s): Harris Associates L.P.
Institution Account(s): 5984 -Shropshire County Pension Fund

# Compagnie Financiere Richemont SA

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 7 | Designate Etude Gampert & Demierre as Independent Proxy | Mgmt | For | For | For | For |
| 8.1 | Approve Maximum Remuneration of Directors in the Amount of CHF 8.9 Million | Mgmt | For | Against | Refer | For |
| 8.2 | Approve Maximum Fixed Remuneration of Executive Committee in the Amount of CHF 15.8 Million | Mgmt | For | For | For | For |
| 8.3 | Approve Maximum Variable Remuneration of Executive Committee in the Amount of CHF 15.8 Million | Mgmt | For | For | For | For |
| 9 | Transact Other Business (Voting) | Mgmt | For | Against | Refer | For |

# Diageo plc

**Meeting Date:** 09/20/2018 **Country:** United Kingdom **Primary Security ID:** G42089113
**Record Date:** 09/18/2018 **Meeting Type:** Annual **Ticker:** DGE

**Primary CUSIP:** G42089113 **Primary ISIN:** GB0002374006 **Primary SEDOL:** 0237400

**Shares Voted:** 63,330

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 1 | Accept Financial Statements and Statutory Reports | Mgmt | For | For | For | For |
| 2 | Approve Remuneration Report | Mgmt | For | For | For | For |
| 3 | Approve Final Dividend | Mgmt | For | For | For | For |
| 4 | Elect Susan Kilsby as Director | Mgmt | For | For | For | For |
| 5 | Re-elect Lord Davies of Abersoch as Director | Mgmt | For | For | For | For |
| 6 | Re-elect Javier Ferran as Director | Mgmt | For | For | Refer | For |
| 7 | Re-elect Ho KwonPing as Director | Mgmt | For | For | For | For |
| 8 | Re-elect Nicola Mendelsohn as Director | Mgmt | For | For | For | For |
| 9 | Re-elect Ivan Menezes as Director | Mgmt | For | For | For | For |
| 10 | Re-elect Kathryn Mikells as Director | Mgmt | For | For | For | For |
| 11 | Re-elect Alan Stewart as Director | Mgmt | For | For | For | For |
| 12 | Reappoint PricewaterhouseCoopers LLP as Auditors | Mgmt | For | For | For | For |
| 13 | Authorise the Audit Committee to Fix Remuneration of Auditors | Mgmt | For | For | For | For |

## Vote Summary Report

Date range covered: 07/01/2018 to 09/30/2018
Location(s): Harris Associates L.P.
Institution Account(s): 5984 -Shropshire County Pension Fund

# Diageo plc

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 14 | Authorise EU Political Donations and Expenditure | Mgmt | For | For | Refer | For |
| 15 | Authorise Issue of Equity with Pre-emptive Rights | Mgmt | For | For | For | For |
| 16 | Authorise Issue of Equity without Pre-emptive Rights | Mgmt | For | For | For | For |
| 17 | Authorise Market Purchase of Ordinary Shares | Mgmt | For | For | For | For |
| 18 | Adopt New Articles of Association | Mgmt | For | For | Refer | For |
| 19 | Authorise the Company to Call General Meeting with Two Weeks' Notice | Mgmt | For | For | Refer | For |

**Vote Summary Report**
Date range covered : 07/01/2018 to 09/30/2018

Institution Account(s): Investec Funds Series iii - Global Dynamic

## VMware, Inc.

**Meeting Date:** 07/19/2018 **Country:** USA
**Meeting Type:** Annual **Ticker:** VMW

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 2 | Advisory Vote to Ratify Named Executive Officers' Compensation | Mgmt | For | For | For | For |
| 3 | Ratify PricewaterhouseCoopers LLP as Auditors | Mgmt | For | For | For | For |

## POSCO

**Meeting Date:** 07/27/2018 **Country:** South Korea
**Meeting Type:** Special **Ticker:** A005490

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 1 | Elect Choi Jeong-woo as Inside Director (CEO) | Mgmt | For | For | For | For |

## DXC Technology Company

**Meeting Date:** 08/15/2018 **Country:** USA
**Meeting Type:** Annual **Ticker:** DXC

Investec
Asset Management

**Vote Summary Report**
Date range covered : 07/01/2018 to 09/30/2018

Institution Account(s): Investec Funds Series iii - Global Dynamic

## DXC Technology Company

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 1a | Elect Director Mukesh Aghi | Mgmt | For | For | For | For |
| 1b | Elect Director Amy E. Alving | Mgmt | For | For | For | For |
| 1c | Elect Director David L. Herzog | Mgmt | For | For | For | For |
| 1d | Elect Director Sachin Lawande | Mgmt | For | For | For | For |
| 1e | Elect Director J. Michael Lawrie | Mgmt | For | For | For | For |
| 1f | Elect Director Mary L. Krakauer | Mgmt | For | For | For | For |
| 1g | Elect Director Julio A. Portalatin | Mgmt | For | For | For | For |
| 1h | Elect Director Peter Rutland | Mgmt | For | For | For | For |
| 1i | Elect Director Manoj P. Singh | Mgmt | For | For | For | For |
| 1j | Elect Director Robert F. Woods | Mgmt | For | For | For | For |
| 2 | Ratify Deloitte & Touche LLP as Auditors | Mgmt | For | For | For | For |
| 3 | Advisory Vote to Ratify Named Executive Officers' Compensation | Mgmt | For | For | For | For |

## Oil Co. LUKOIL PJSC

**Meeting Date:** 08/24/2018 **Country:** Russia
**Meeting Type:** Special **Ticker:** LKOH

**Vote Summary Report**
Date range covered : 07/01/2018 to 09/30/2018

Institution Account(s): Investec Funds Series iii - Global Dynamic

## Oil Co. LUKOIL PJSC

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| | Meeting for ADR Holders | Mgmt | | | | |
| 1 | Approve Reduction in Share Capital through Share Repurchase Program and Subsequent Share Cancellation | Mgmt | For | For | Refer | For |

## NetApp, Inc.

**Meeting Date:** 09/13/2018 **Country:** USA
**Meeting Type:** Annual **Ticker:** NTAP

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 1a | Elect Director T. Michael Nevens | Mgmt | For | Against | For | Against |
| 1b | Elect Director Gerald Held | Mgmt | For | For | For | For |
| 1c | Elect Director Kathryn M. Hill | Mgmt | For | For | For | For |
| 1d | Elect Director Deborah L. Kerr | Mgmt | For | For | For | For |
| 1e | Elect Director George Kurian | Mgmt | For | For | For | For |
| 1f | Elect Director Scott F. Schenkel | Mgmt | For | For | For | For |
| 1g | Elect Director George T. Shaheen | Mgmt | For | For | For | For |
| 1h | Elect Director Richard P. Wallace | Mgmt | For | For | For | For |

## Vote Summary Report

Date range covered : 07/01/2018 to 09/30/2018

Institution Account(s): Investec Funds Series iii - Global Dynamic

# NetApp, Inc.

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | ISS Rec | Voting Policy Rec | Vote Instruction |
|---|---|---|---|---|---|---|
| 2 | Amend Omnibus Stock Plan | Mgmt | For | For | For | For |
| 3 | Amend Qualified Employee Stock Purchase Plan | Mgmt | For | For | For | For |
| 4 | Advisory Vote to Ratify Named Executive Officers' Compensation | Mgmt | For | For | For | For |
| 5 | Ratify Deloitte & Touche LLP as Auditors | Mgmt | For | For | For | For |
| 6 | Ratify Existing Ownership Threshold for Shareholders to Call Special Meeting | Mgmt | For | Against | Refer | Against |

## Vote Summary Report

Date range covered: 07/01/2018 to 09/30/2018
Location(s): Massachusetts Financial Services
Institution Account(s): MFS Investment Fund - Global Equity Fund

# Burberry Group plc

**Meeting Date:** 07/12/2018 **Country:** United Kingdom **Primary Security ID:** G1700D105 **Meeting ID:** 1240326
**Record Date:** 07/10/2018 **Meeting Type:** Annual **Ticker:** BRBY

**Primary CUSIP:** G1699R107 **Primary ISIN:** GB0031743007 **Primary SEDOL:** 3174300

**Voting Policy:** MFS

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 1 | Accept Financial Statements and Statutory Reports | Mgmt | For | For |
| 2 | Approve Remuneration Report | Mgmt | For | For |
| 3 | Approve Final Dividend | Mgmt | For | For |
| 4 | Elect Dr Gerry Murphy as Director | Mgmt | For | For |
| 5 | Re-elect Fabiola Arredondo as Director | Mgmt | For | For |
| 6 | Re-elect Ian Carter as Director | Mgmt | For | For |
| 7 | Re-elect Jeremy Darroch as Director | Mgmt | For | For |
| 8 | Re-elect Stephanie George as Director | Mgmt | For | For |
| 9 | Re-elect Matthew Key as Director | Mgmt | For | For |
| 10 | Re-elect Dame Carolyn McCall as Director | Mgmt | For | For |
| 11 | Elect Orna NiChionna as Director | Mgmt | For | For |
| 12 | Elect Ron Frasch as Director | Mgmt | For | For |
| 13 | Re-elect Julie Brown as Director | Mgmt | For | For |
| 14 | Re-elect Marco Gobbetti as Director | Mgmt | For | For |
| 15 | Reappoint PricewaterhouseCoopers LLP as Auditors | Mgmt | For | For |
| 16 | Authorise the Audit Committee to Fix Remuneration of Auditors | Mgmt | For | For |
| 17 | Authorise EU Political Donations and Expenditure | Mgmt | For | For |
| 18 | Authorise Issue of Equity with Pre-emptive Rights | Mgmt | For | For |
| 19 | Authorise Issue of Equity without Pre-emptive Rights | Mgmt | For | For |
| 20 | Authorise Market Purchase of Ordinary Shares | Mgmt | For | For |
| 21 | Authorise the Company to Call General Meeting with Two Weeks' Notice | Mgmt | For | For |

**Vote Summary Report**
Date range covered: 07/01/2018 to 09/30/2018
Location(s): Massachusetts Financial Services
Institution Account(s): MFS Investment Fund - Global Equity Fund

## The Walt Disney Company

**Meeting Date:** 07/27/2018 **Country:** USA **Primary Security ID:** 254687106 **Meeting ID:** 1245209
**Record Date:** 05/29/2018 **Meeting Type:** Special **Ticker:** DIS

**Primary CUSIP:** 254687106 **Primary ISIN:** US2546871060 **Primary SEDOL:** 2270726

**Voting Policy:** MFS

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 1 | Issue Shares in Connection with Acquisition | Mgmt | For | For |
| 2 | Adjourn Meeting | Mgmt | For | For |

## Microchip Technology Incorporated

**Meeting Date:** 08/14/2018 **Country:** USA **Primary Security ID:** 595017104 **Meeting ID:** 1254984
**Record Date:** 06/21/2018 **Meeting Type:** Annual **Ticker:** MCHP

**Primary CUSIP:** 595017104 **Primary ISIN:** US5950171042 **Primary SEDOL:** 2592174

**Voting Policy:** MFS

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 1.1 | Elect Director Steve Sanghi | Mgmt | For | For |
| 1.2 | Elect Director Matthew W. Chapman | Mgmt | For | For |
| 1.3 | Elect Director L.B. Day | Mgmt | For | For |
| 1.4 | Elect Director Esther L. Johnson | Mgmt | For | For |
| 1.5 | Elect Director Wade F. Meyercord | Mgmt | For | For |
| 2 | Ratify Ernst & Young LLP as Auditors | Mgmt | For | For |
| 3 | Advisory Vote to Ratify Named Executive Officers' Compensation | Mgmt | For | For |

## Check Point Software Technologies Ltd.

**Meeting Date:** 08/20/2018 **Country:** Israel **Primary Security ID:** M22465104 **Meeting ID:** 1254298
**Record Date:** 07/16/2018 **Meeting Type:** Annual **Ticker:** CHKP

**Primary CUSIP:** M22465104 **Primary ISIN:** IL0010824113 **Primary SEDOL:** 2181334

## Vote Summary Report

Date range covered: 07/01/2018 to 09/30/2018
Location(s): Massachusetts Financial Services
Institution Account(s): MFS Investment Fund - Global Equity Fund

# Check Point Software Technologies Ltd.

**Voting Policy:** MFS

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 1.1 | Reelect Gil Shwed as Director | Mgmt | For | For |
| 1.2 | Reelect Marius Nacht as Director | Mgmt | For | For |
| 1.3 | Reelect Jerry Ungerman as Director | Mgmt | For | For |
| 1.4 | Reelect Dan Propper as Director | Mgmt | For | For |
| 1.5 | Reelect David Rubner as Director | Mgmt | For | For |
| 1.6 | Reelect Tal Shavit as Director | Mgmt | For | For |
| 2.1 | Reelect Yoav Chelouche as External Director | Mgmt | For | For |
| 2.2 | Reelect Guy Gecht as External Director | Mgmt | For | For |
| 3 | Reappoint Kost, Forer, Gabbay & Kasierer as Auditors and Authorize Board to Fix Their Remuneration | Mgmt | For | For |
| 4 | Approve Employment Terms of Gil Shwed, CEO | Mgmt | For | For |
| A | Vote FOR if you are a controlling shareholder or have a personal interest in one or several resolutions, as indicated in the proxy card; otherwise, vote AGAINST. You may not abstain. If you vote FOR, please provide an explanation to your account manager | Mgmt | None | Against |

# Compagnie Financiere Richemont SA

**Meeting Date:** 09/10/2018 **Country:** Switzerland **Primary Security ID:** H25662182 **Meeting ID:** 1195067
**Record Date:** **Meeting Type:** Annual **Ticker:** CFR

**Primary CUSIP:** H25662182 **Primary ISIN:** CH0210483332 **Primary SEDOL:** BCRWZ18

**Voting Policy:** MFS

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 1 | Accept Financial Statements and Statutory Reports | Mgmt | For | For |
| 2 | Approve Allocation of Income and Dividends of CHF 1.90 per Registered A Share and CHF 0.19 per Registered B Share | Mgmt | For | For |
| 3 | Approve Discharge of Board of Directors | Mgmt | For | For |

**Vote Summary Report**
Date range covered: 07/01/2018 to 09/30/2018
Location(s): Massachusetts Financial Services
Institution Account(s): MFS Investment Fund - Global Equity Fund

# Compagnie Financiere Richemont SA

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 4.1 | Reelect Johann Rupert as Director and Board Chairman | Mgmt | For | Against |
| 4.2 | Reelect Josua Malherbe as Director | Mgmt | For | Against |
| 4.3 | Reelect Nikesh Arora as Director | Mgmt | For | Against |
| 4.4 | Reelect Nicolas Bos as Director | Mgmt | For | Against |
| 4.5 | Reelect Clay Brendish as Director | Mgmt | For | For |
| 4.6 | Reelect Jean-Blaise Eckert as Director | Mgmt | For | Against |
| 4.7 | Reelect Burkhart Grund as Director | Mgmt | For | Against |
| 4.8 | Reelect Keyu Jin as Director | Mgmt | For | For |
| 4.9 | Reelect Jerome Lambert as Director | Mgmt | For | Against |
| 4.10 | Reelect Ruggero Magnoni as Director | Mgmt | For | Against |
| 4.11 | Reelect Jeff Moss as Director | Mgmt | For | For |
| 4.12 | Reelect Vesna Nevistic as Director | Mgmt | For | Against |
| 4.13 | Reelect Guillaume Pictet as Director | Mgmt | For | For |
| 4.14 | Reelect Alan Quasha as Director | Mgmt | For | For |
| 4.15 | Reelect Maria Ramos as Director | Mgmt | For | For |
| 4.16 | Reelect Anton Rupert as Director | Mgmt | For | Against |
| 4.17 | Reelect Jan Rupert as Director | Mgmt | For | Against |
| 4.18 | Reelect Gary Saage as Director | Mgmt | For | Against |
| 4.19 | Reelect Cyrille Vigneron as Director | Mgmt | For | Against |
| 4.20 | Elect Sophie Guieysse as Director | Mgmt | For | Against |
| 5.1 | Appoint Clay Brendish as Member of the Compensation Committee | Mgmt | For | For |
| 5.2 | Appoint Guillaume Pictet as Member of the Compensation Committee | Mgmt | For | For |
| 5.3 | Appoint Maria Ramos as Member of the Compensation Committee | Mgmt | For | For |
| 5.4 | Appoint Keyu Jin as Member of the Compensation Committee | Mgmt | For | For |
| 6 | Ratify PricewaterhouseCoopers as Auditors | Mgmt | For | For |
| 7 | Designate Etude Gampert & Demierre as Independent Proxy | Mgmt | For | For |
| 8.1 | Approve Maximum Remuneration of Directors in the Amount of CHF 8.9 Million | Mgmt | For | For |

## Vote Summary Report

Date range covered: 07/01/2018 to 09/30/2018
Location(s): Massachusetts Financial Services
Institution Account(s): MFS Investment Fund - Global Equity Fund

# Compagnie Financiere Richemont SA

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 8.2 | Approve Maximum Fixed Remuneration of Executive Committee in the Amount of CHF 15.8 Million | Mgmt | For | For |
| 8.3 | Approve Maximum Variable Remuneration of Executive Committee in the Amount of CHF 15.8 Million | Mgmt | For | For |
| 9 | Transact Other Business (Voting) | Mgmt | For | Against |

# Diageo plc

**Meeting Date:** 09/20/2018 **Country:** United Kingdom **Primary Security ID:** G42089113 **Meeting ID:** 1256915
**Record Date:** 09/18/2018 **Meeting Type:** Annual **Ticker:** DGE

**Primary CUSIP:** G42089113 **Primary ISIN:** GB0002374006 **Primary SEDOL:** 0237400

**Voting Policy:** MFS

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 1 | Accept Financial Statements and Statutory Reports | Mgmt | For | For |
| 2 | Approve Remuneration Report | Mgmt | For | For |
| 3 | Approve Final Dividend | Mgmt | For | For |
| 4 | Elect Susan Kilsby as Director | Mgmt | For | For |
| 5 | Re-elect Lord Davies of Abersoch as Director | Mgmt | For | For |
| 6 | Re-elect Javier Ferran as Director | Mgmt | For | For |
| 7 | Re-elect Ho KwonPing as Director | Mgmt | For | For |
| 8 | Re-elect Nicola Mendelsohn as Director | Mgmt | For | For |
| 9 | Re-elect Ivan Menezes as Director | Mgmt | For | For |
| 10 | Re-elect Kathryn Mikells as Director | Mgmt | For | For |
| 11 | Re-elect Alan Stewart as Director | Mgmt | For | For |
| 12 | Reappoint PricewaterhouseCoopers LLP as Auditors | Mgmt | For | For |
| 13 | Authorise the Audit Committee to Fix Remuneration of Auditors | Mgmt | For | For |
| 14 | Authorise EU Political Donations and Expenditure | Mgmt | For | For |
| 15 | Authorise Issue of Equity with Pre-emptive Rights | Mgmt | For | For |

## Vote Summary Report

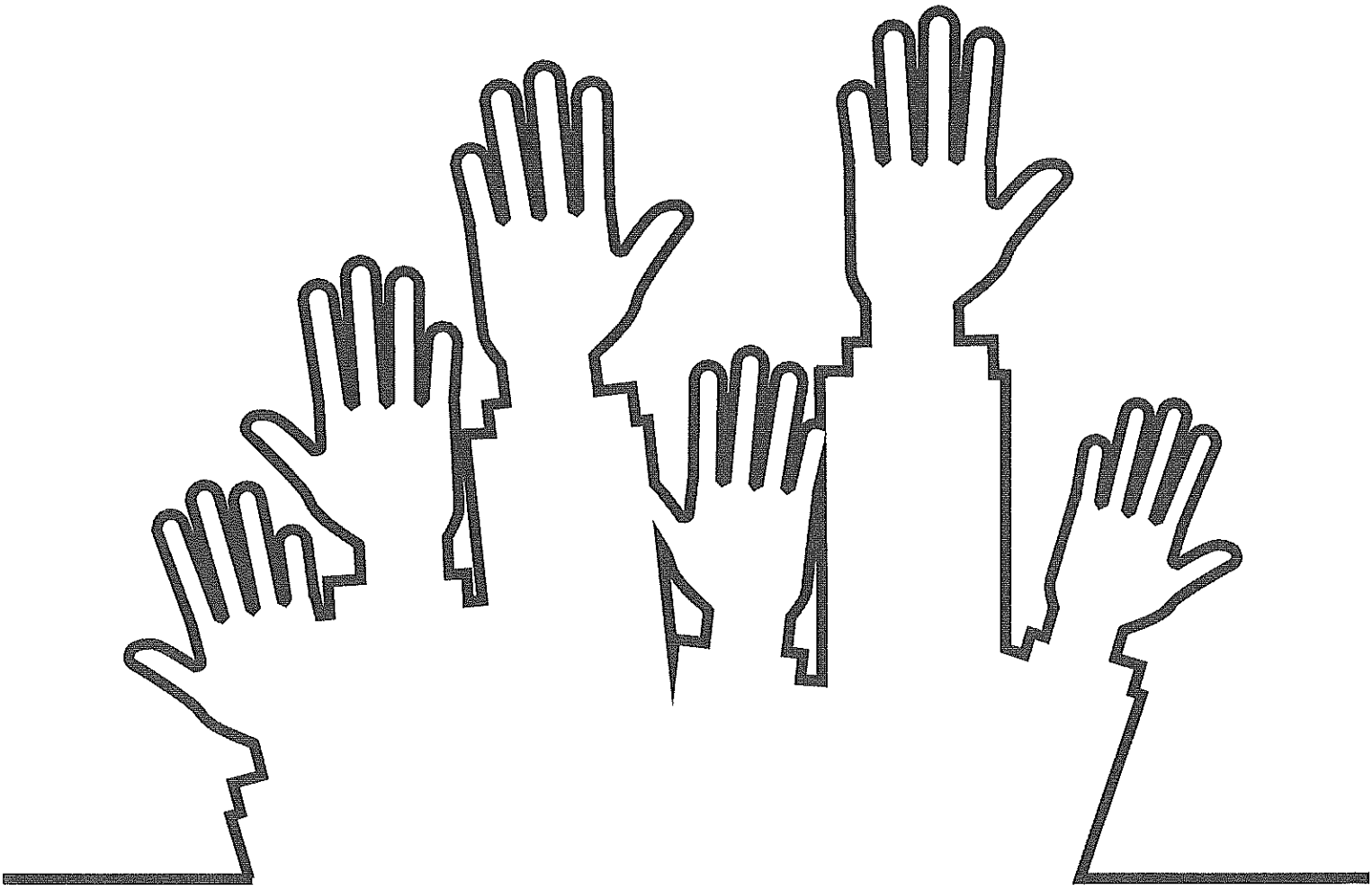
Date range covered: 07/01/2018 to 09/30/2018
Location(s): Massachusetts Financial Services
Institution Account(s): MFS Investment Fund - Global Equity Fund

# Diageo plc

| Proposal Number | Proposal Text | Proponent | Mgmt Rec | Vote Instruction |
|---|---|---|---|---|
| 16 | Authorise Issue of Equity without Pre-emptive Rights | Mgmt | For | For |
| 17 | Authorise Market Purchase of Ordinary Shares | Mgmt | For | For |
| 18 | Adopt New Articles of Association | Mgmt | For | For |
| 19 | Authorise the Company to Call General Meeting with Two Weeks' Notice | Mgmt | For | For |

# Active ownership

Q3 2018 ESG Impact Report



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

Legal & General
INVESTMENT MANAGEMENT

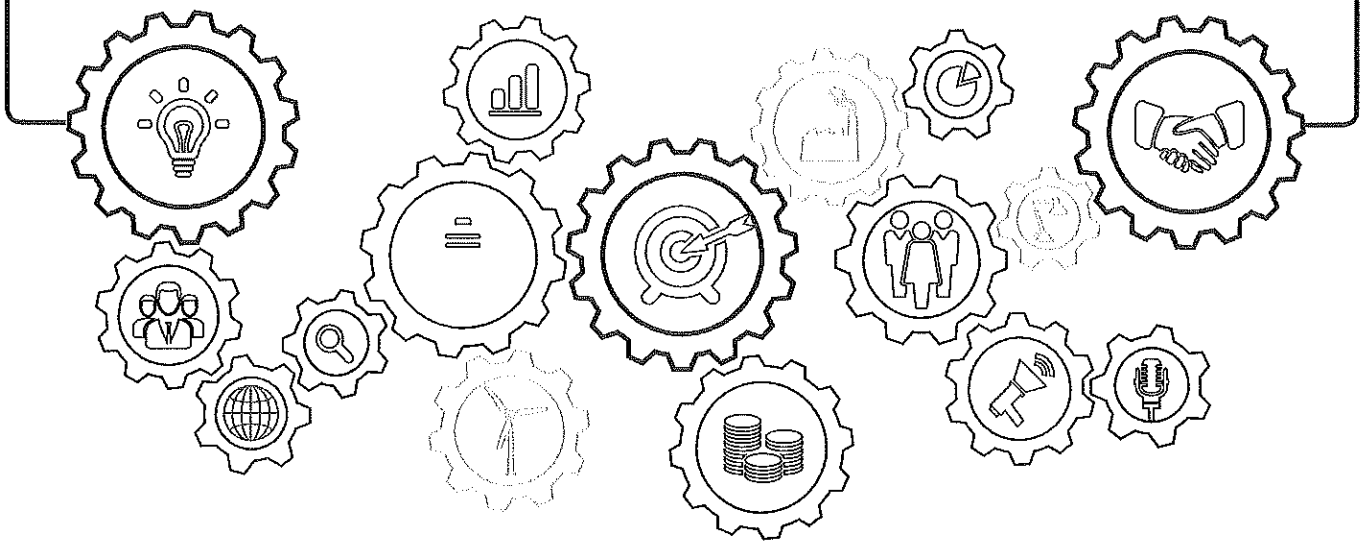
# Our mission

To use our influence to ensure that:

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

&

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

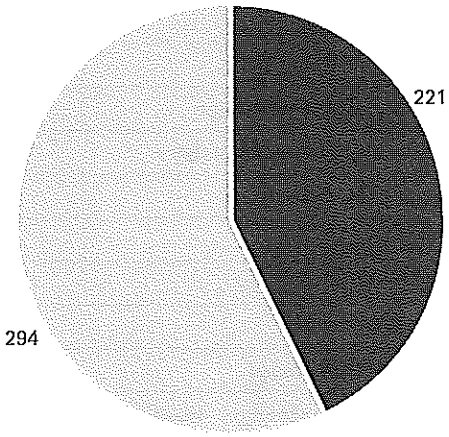


# Global summary

## VOTING TOTALS

| Proposal category | For | Against | Abstain | Total |
|---|---|---|---|---|
| Anti-takeover Related | 111 | 3 | | 114 |
| Capitalisation | 810 | 60 | | 870 |
| Directors related | 1989 | 365 | 16 | 2370 |
| Non-salary compensation | 315 | 152 | | 467 |
| Reorganisations and mergers | 212 | 26 | | 238 |
| Routine/Business | 1315 | 71 | | 1386 |
| SH-Compensation | 21 | 2 | | 23 |
| SH-Corp Governance | | 15 | | 15 |
| SH-Dirs' Related | 7 | 9 | | 16 |
| SH-Gen Econ Issues | | | | |
| Shareholder - Health/Environment | 1 | 2 | | 3 |
| SH-Other/misc. | | 3 | | 3 |
| SH-Routine/Business | 2 | 18 | | 20 |
| SH-Soc./Human Rights | | 1 | | 1 |
| Social Proposal | | 1 | | 1 |
| Total resolutions | 4783 | 728 | 16 | 5527 |
| No. AGMs | 365 | | | |
| No. EGMs | 172 | | | |
| No. of companies voted | 515 | | | |
| No. of companies where voted against/abstain at least one resolution | 294 | | | |
| % no. of companies where at least one vote against | 57% | | | |

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




- No. of companies supported
- No. of companies where voted against/ abstain at least one resolution

**Top three engagement themes this quarter**

- **Board composition**
- **Climate Change**
- **Succession Planning**

## COMPANY ENGAGEMENT STATISTICS

| Proposal category | Total |
|---|---|
| Total number of companies | 42 |
| Total number of meetings | 47 |
| Number of meetings where environmental topics discussed | 17 |
| Number of meetings where social topics discussed | 21 |
| Number of meetings where governance topics discussed | 31 |
| Number of meetings where other topics (e.g. financial and strategy) discussed | 19 |
| % of meetings including environmental and social issues discussed | 64% |

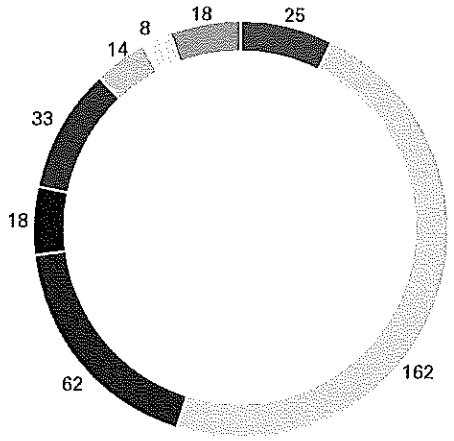
# Regional updates

## Emerging markets

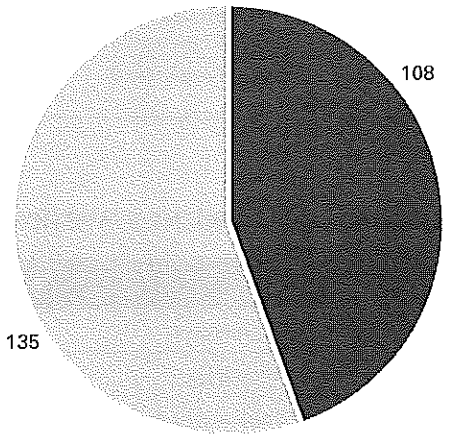
### Q3 2018 VOTING SUMMARY EMERGING MARKETS

| Proposal category | EMERGING MARKETS | | |
|---|---|---|---|
| | For | Against | Abstain |
| Anti-takeover Related | | | |
| Capitalisation | 270 | 25 | |
| Directors related | 639 | 146 | 16 |
| Non-salary compensation | 85 | 62 | |
| Reorganisations and mergers | 159 | 18 | |
| Routine/Business | 555 | 33 | |
| SH-Compensation | 20 | | |
| SH-Corp Governance | | 14 | |
| SH-Dirs' Related | 4 | 8 | |
| SH-Gen Econ Issues | | | |
| Shareholder resolution - Health/Environment | | | |
| SH-Other/misc. | | | |
| SH-Routine/Business | 2 | 18 | |
| SH-Soc./Human Rights | | | |
| Social Proposal | | | |
| Total | 1734 | 324 | 16 |
| Total resolutions | 2074 | | |
| No. AGMs | 146 | | |
| No. EGMs | 109 | | |
| No. of companies voted | 243 | | |
| No. of companies where voted against/abstain at least one resolution | 135 | | |
| % no. of companies where at least one vote against | 56% | | |

**Voting issue breakdown (against and abstain)**




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




> 'LGIM voted against at least one resolution at 56% 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

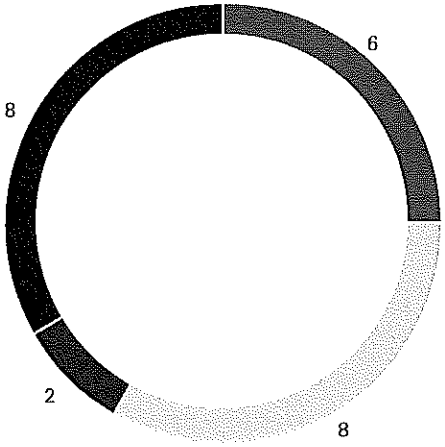
# Regional updates

## Asia Pacific

### Q3 2018 VOTING SUMMARY ASIA PACIFIC

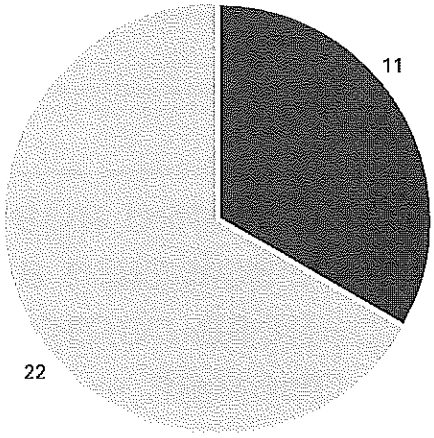
| Proposal category | ASIA PACIFIC | | |
|---|---|---|---|
| | For | Against | Abstain |
| Anti-takeover Related | | | |
| Capitalisation | 23 | 6 | |
| Directors related | 97 | 8 | |
| Non-salary compensation | 28 | 2 | |
| Reorganisations and mergers | 6 | | |
| Routine/Business | 48 | 8 | |
| SH-Compensation | | | |
| SH-Corp Governance | | | |
| SH-Dirs' Related | | | |
| SH-Gen Econ Issues | | | |
| Shareholder resolution - Health/Environment | | | |
| SH-Other/misc. | | | |
| SH-Routine/Business | | | |
| SH-Soc./Human Rights | | | |
| Social Proposal | | | |
| Total | 202 | 24 | |
| Total resolutions | 226 | | |
| No. AGMs | 23 | | |
| No. EGMs | 10 | | |
| No. of companies voted | 33 | | |
| No. of companies where voted against/abstain at least one resolution | 11 | | |
| % no. of companies where at least one vote against | 33% | | |

**Voting issue breakdown (against)**




- Capitalisation
- Directors related
- Non-salary comp.
- Routine/Business

**Number of companies voted for/against**




- No. of companies supported
- No. of companies where voted against management

> 'LGIM voted against at least one resolution at 33% 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

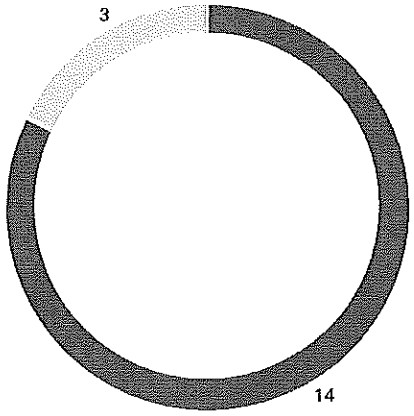
# Regional updates

## Japan

**Q3 2018 VOTING SUMMARY JAPAN**

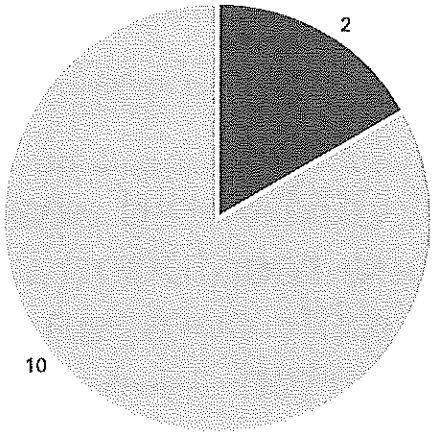
| Proposal category | JAPAN | | |
|---|---|---|---|
| | For | Against | Abstain |
| Anti-takeover Related | | | |
| Capitalisation | | | |
| Directors related | 107 | 14 | |
| Non-salary compensation | 2 | 3 | |
| Reorganisations and mergers | 2 | | |
| Routine/Business | 9 | | |
| SH-Compensation | | | |
| SH-Corp Governance | | | |
| SH-Dirs' Related | | | |
| SH-Gen Econ Issues | | | |
| Shareholder resolution - Health/Environment | | | |
| SH-Other/misc. | | | |
| SH-Routine/Business | | | |
| SH-Soc./Human Rights | | | |
| Social Proposal | | | |
| Total | 120 | 17 | |
| Total resolutions | 137 | | |
| No. AGMs | 12 | | |
| No. EGMs | 0 | | |
| No. of companies voted | 12 | | |
| No. of companies where voted against at least one resolution | 10 | | |
| % no. of companies where at least one vote against | 83% | | |

**Voting issue breakdown (against)**




Directors related
Non-salary comp.

**Number of companies voted for/against**




No. of companies supported
No. of companies where voted against management

'LGIM voted against at least one resolution at 83% of Japanese companies over the quarter.'

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

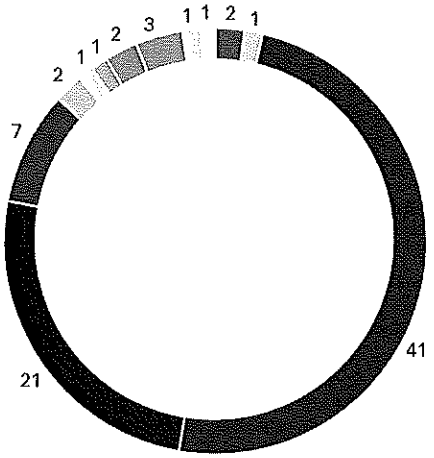
# Regional updates

## North America

### Q3 2018 VOTING SUMMARY NORTH AMERICA

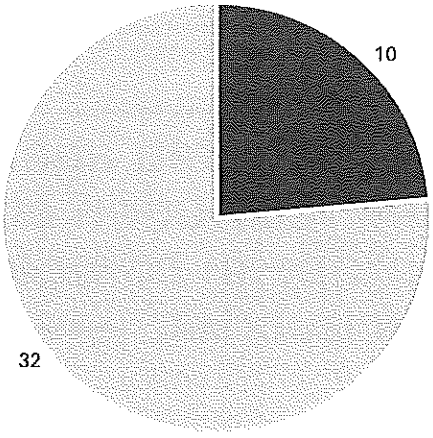
| Proposal category | NORTH AMERICA | | |
|---|---|---|---|
| | For | Against | Abstain |
| Anti-takeover Related | 14 | 2 | |
| Capitalisation | 6 | 1 | |
| Directors related | 211 | 41 | |
| Non-salary compensation | 20 | 21 | |
| Reorganisations and mergers | 15 | | |
| Routine/Business | 26 | 7 | |
| SH-Compensation | 1 | 2 | |
| SH-Corp Governance | | 1 | |
| SH-Dirs' Related | 3 | 1 | |
| SH-Gen Econ Issues | | | |
| SH-Health/Environment | 1 | 2 | |
| SH-Other/misc. | | 3 | |
| SH-Routine/Business | | | |
| SH-Soc./Human Rights | | 1 | |
| Social Proposal | | 1 | |
| Total | 297 | 83 | |
| Total resolutions | 380 | | |
| No. AGMs | 30 | | |
| No. EGMs | 13 | | |
| No. of companies voted | 42 | | |
| No. of companies where voted against at least one resolution | 32 | | |
| % no. of companies where at least one vote against | 76% | | |

**Voting issue breakdown (against)**




- Antitakeover Related
- Capitalisation
- Directors Related
- Non-Salary Comp.
- Routine/Business
- SH-Compensation
- SH-Corp Governance
- SH-Dirs' Related
- SH-Health/Environ.
- SH-Other/misc.
- SH-Soc./Human Rights
- Social Proposal

**Number of companies voted for/against**




- No. of companies supported
- No. of companies where voted against management

> 'LGIM voted against at least one resolution at 76% 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

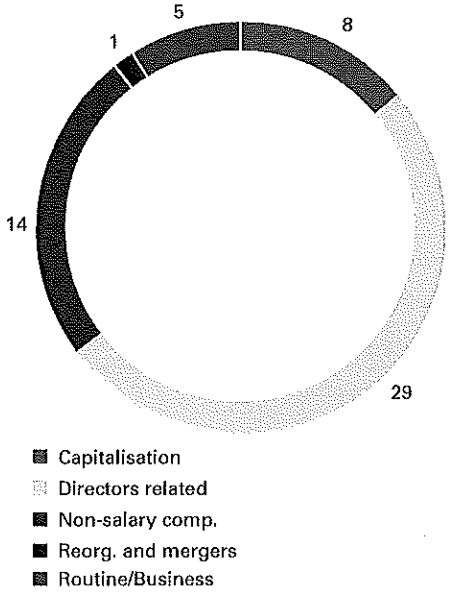
# Regional updates

## Europe

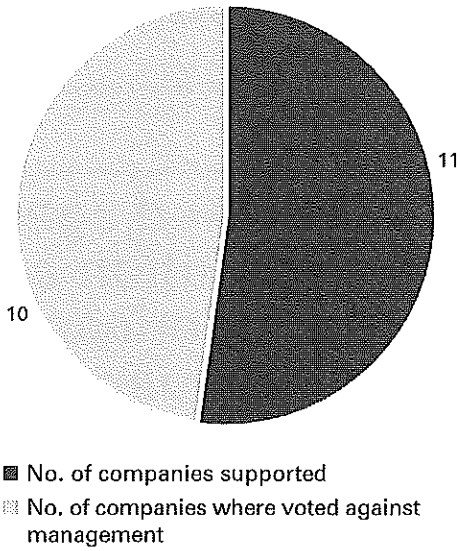
### Q3 2018 VOTING SUMMARY EUROPE

| Proposal category | EUROPE | | |
|---|---|---|---|
| | For | Against | Abstain |
| Anti-takeover Related | 1 | | |
| Capitalisation | 17 | 8 | |
| Directors related | 76 | 29 | |
| Non-salary compensation | 19 | 14 | |
| Reorganisations and mergers | 10 | 1 | |
| Routine/Business | 75 | 5 | |
| SH-Compensation | | | |
| SH-Corp Governance | | | |
| SH-Dirs' Related | | | |
| SH-Gen Econ Issues | | | |
| Shareholder resolution - Health/Environment | | | |
| SH-Other/misc. | | | |
| SH-Routine/Business | | | |
| SH-Soc./Human Rights | | | |
| Social Proposal | | | |
| Total | 198 | 57 | |
| Total resolutions | 255 | | |
| No. AGMs | 11 | | |
| No. EGMs | 10 | | |
| No. of companies voted | 21 | | |
| No. of companies where voted against at least one resolution | 10 | | |
| % no. of companies where at least one vote against | 48% | | |

**Voting issue breakdown (against)**




**Number of companies voted for/against**




'LGIM voted against at least one resolution at 48% of European companies over the quarter.'

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

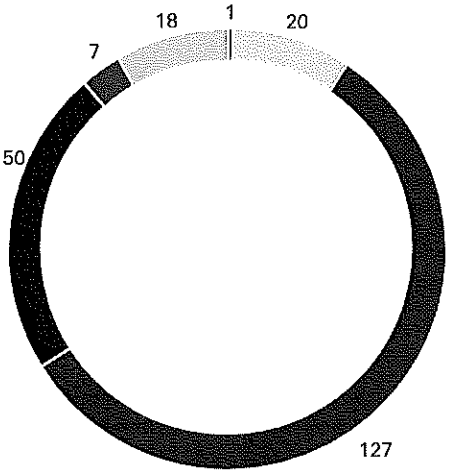
# Regional updates

## UK

### Q3 2018 VOTING SUMMARY UK

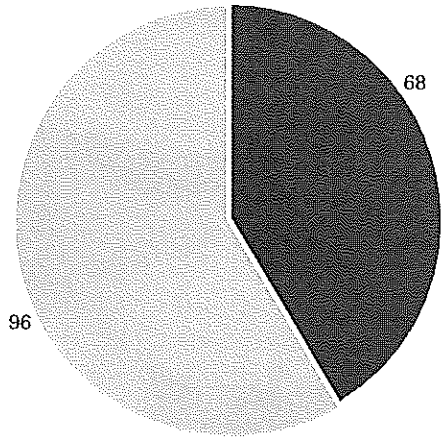
| Proposal category | UK | | |
|---|---|---|---|
| | For | Against | Abstain |
| Anti-takeover Related | 96 | 1 | |
| Capitalisation | 494 | 20 | |
| Directors Related | 859 | 127 | |
| Non-Salary Comp. | 161 | 50 | |
| Reorg. and Mergers | 20 | 7 | |
| Routine/Business | 602 | 18 | |
| SH-Compensation | | | |
| SH-Corp Governance | | | |
| SH-Dirs' Related | | | |
| SH-Gen Econ Issues | | | |
| SH-Health/Environ. | | | |
| SH-Other/misc. | | | |
| SH-Routine/Business | | | |
| SH-Soc./Human Rights | | | |
| Social Proposal | | | |
| Total | 2232 | 223 | |
| Total resolutions | 2455 | | |
| No. AGMs | 143 | | |
| No. EGMs | 30 | | |
| No. of companies voted | 164 | | |
| No. of companies where voted against at least one resolution | 96 | | |
| % no. of companies where at least one vote against | 59% | | |

**Voting issue breakdown (against)**




- Antitakeover
- Capitalisation
- Directors related
- Non-salary comp.
- Reorg. and mergers
- Routine/Business

**Number of companies voted for/against**




- No. of companies supported
- No. of companies where voted against management

> 'LGIM voted against at least one resolution at 59% of UK companies over the quarter.'

Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds
*This vote concerned a company incorporated in Bermuda, therefore the LGIM UK policy did not apply.

LGIM's Head of Defined Contribution, Emma Douglas, also published an **article**[2] in Investment Europe re-iterating the importance of the proposals around fiduciary duty and ESG integration.

**UK Corporate Governance Code review**

In July, the Financial Reporting Council (FRC) released the 2018 UK Corporate Governance Code. The new Code is shorter than the previous version focusing on its key principles rather than prescriptive provisions. It also highlights that for companies to succeed in the long term, they need to maintain successful relationships with a wide range of stakeholders, not just shareholders.

The new Code introduced a provision to enable greater board engagement with the workforce in order to understand their views and a focus on boards creating a culture to preserve value over the longer term. Other main changes were related to board succession, diversity and greater focus of remuneration committees to take account of workforce remuneration when setting director pay.

**LGIM is broadly supportive of these updates. However, we would have liked to see the FRC go further in some areas** such as promoting and endorsing the Taskforce on Climate-related Financial Disclosures (TCFD) reporting guidelines in the Code. A link to our response can be found **here**[3].

Later this year, the FRC is due to publish its consultation on the UK Stewardship Code. LGIM will be responding to this consultation building on from the comments made in our response to the UK Code consultation.

2. http://www.investmenteurope.net/opinion/fiduciary-duty-is-no-obstacle-to-esg-integration-says-lgim/

3. http://www.lgim.com/files/_document-library/capabilities/lgim-response-to-frc-uk-cg-and-stewardship-codes.pdf

# Public policy engagement

## Voicing our concerns and pushing for change

**Petition to the Security and Exchange Commission (SEC) on disclosure of ESG information**

In 2016 LGIM responded to the SEC consultation on Business and Financial Disclosure. This was an opportunity for us to comment on the potential enhancement of financial and ESG information available to investors. The SEC noted that the main response to this consultation was the high demand by stakeholders for more and better disclosure generally. This consultation was also the first time since the 1970s for both reporting companies and investors to convey their views to the SEC concerning what additional environmental or social information should be disclosed to complement the governance disclosure already required.

Following little response from SEC, LGIM joined forces with other investors to push further for change. **A collaboration of investors including LGIM submitted a petition to the SEC for changes to disclosure** which set out the arguments that:

(1) SEC has clear statutory authority to require disclosure of ESG information, and doing so will promote market efficiency, protect the competitive position of American public companies and the US capital markets, and enhance capital formation;

(2) ESG information is material to a broad range of investors today;

(3) Companies struggle to provide investors with ESG information that is relevant and reliable;

(4) Companies' voluntary ESG disclosure is intermittent, incomplete, incomparable, and inconsistent, and ESG disclosure in required SEC filings is similarly inadequate;

(5) SEC rulemaking will reduce the current burden on public companies and provide a level playing field for the many American companies engaging in voluntary ESG disclosure; and

(6) Petitions and stakeholder engagement seeking different kinds of ESG information suggest, in aggregate, that it is time for the SEC to regulate in this area.

This collaboration clearly shows that investors think the time has come for the SEC to act to develop a mandatory rule for clearer, consistent, comparable, high-quality ESG disclosure by all companies subject to SEC public-reporting requirements. We await a response from the SEC.

**Department for Work and Pensions (DWP) consultation: clarifying and strengthening trustees' investment duties**

LGIM submitted a response to the DWP consultation in July regarding the fiduciary duties of trustees. We welcomed the recognition by the DWP of the importance of trustees to better understand and integrate material ESG issues when formulating their investment principles in members' interests.

To further develop progress in this area, we requested that the DWP provides guidance on materiality and the distinction between the members' interests and members' views to enable trustees to better understand how best to develop a robust process for understanding and engaging pension scheme members. In addition, we were supportive of the amendments to the Statement of Investment Principles (SIP) as being the key area of focus when examining how best to embed ESG considerations into investments. Through this procedure, we believe the Defined Benefit and Defined Contribution investment chains are incentivised to create the proper structures and frameworks needed to consider these issues.

**Case study:**
Sky plc

**Market cap:** GBP 27 bn

**Sector:** Media

**Country:** UK

**What is the issue?** 21st Century Fox owned a 39% interest in Sky plc, a European satellite TV operator. In December 2016, 21st Century Fox offered to acquire the 61% it did not own, offering £10.75 per share and valuing Sky at £11.7bn. The board of Sky accepted the bid for 21st Century Fox to take full control of Sky. This was subsequently placed under investigation by the Competition and Markets Authority and Office of Communications (OFCOM) on public interest grounds. A year later, Disney offered to buy the Entertainment assets of 21st Century Fox for US$ 52.4bn (£39bn). This included the 39% stake in Sky plc. US telecommunications company Comcast Inc. also made an offer for 21st Century's entertainment assets. This resulted in Disney increasing its offer for the entertainment assets to US$ 71.3bn (£54bn). In April 2018, Comcast made a £12.50 cash offer valuing Sky plc at £22bn.

**Why is it an issue?** Major transactions present risks and opportunities for investors. LGIM always seeks to protect and enhance our clients' assets. We therefore wanted to make sure our clients' interests would be protected and this involved achieving the best price for Sky's shares. Given the timing of the bid offers and acquisition of a 39% stake in Sky by Disney, there was a risk Disney would block the Comcast bid. Disney informed the Takeover Panel that it did not intend to make an offer for the remaining 61% of share capital. The Takeover Panel ruled that the chain principle would apply and Disney would therefore have to make a bid for the remaining shares it did not own. Disney was only prepared to pay £10.75 per share, being the price originally offered by 21st Century Fox. A number of investors including LGIM believed £10.75 per share did not reflect the increased valuation Disney placed on 21st Century Fox's entertainment assets when it raised its offer to US$71.3bn (£54bn).

**What did LGIM do?** In 2016, LGIM along with minority shareholders questioned the board of Sky on its decision-making process in re-appointing James Murdoch as board chair, given that his family owned 39% of the company. In 2017, LGIM engaged with the board following its decision to accept the bid of 21st Century Fox of £10.75 per share. We wanted to get an insight into what led to the board's acceptance of the bid. We also raised the issue of the timing of the appointment of James Murdoch to the board of Sky, taking into account that the bid by 21st Century Fox occurred shortly after his appointment to the board. In July 2018, the Takeover Panel convened a Hearing Committee to consider the price that Disney should pay in applying the chain principle. LGIM submitted a letter to the Takeover Panel Hearing Committee giving support to the panel for its application of the chain principle and requesting that they Disney should be made to increase the offer for Sky in line with its increased offer for 21st Century Fox's entertainment assets.

**What was the outcome?**The bids finally resulted in an auction being conducted by the Takeover Panel to determine who should gain control of Sky plc. Comcast's sealed bid of £17.28 per share was the highest and valued Sky plc at £30.6 bn. This is a positive outcome for our clients because at the time of the initial offer from 21st Century Fox for Sky, in December 2016, the share price was around £7.50 per share. The final bid from Comcast of £17.28 per share represents more than 100% increase on Sky shares from before the initial bid. Comcast completed its takeover of Sky in October 2018.

# Case studies

**Case study:**
Deutsche Telekom

**Market cap:** EUR 66.73bn

**Sector:**
Telecommunications

**Country:** Germany

**What is the issue?** A meeting was held with the supervisory board chairman to discuss the corporate governance structure at the company and remuneration framework.

**Why is it an issue?** The German corporate governance framework consists of a dual board system where the management board has responsibility for managing the company. A supervisory board is also appointed to oversee and advise members of the management board. Important decisions involving the company are usually escalated to the supervisory board for the final decision. It is therefore important that both the supervisory and management boards work well together for corporate governance at the company to be effective.

**What did LGIM do?** LGIM held a meeting with the supervisory board chairman to gain a better insight into how they monitor and oversee management activities. Succession was also discussed in order to understand how the supervisory board monitors this issue.

In addition, we encouraged the company to appoint a Lead Independent Director on its board as we believe they provide an important counter-balance to the chair.

**What was the outcome?** The chairman highlighted that the company takes ESG issues seriously and its activities in this area are closely interconnected with their licence to operate in society.

He mentioned that there was fluid communication between the management and supervisory boards and believes executives work well together. The supervisory board also has good insight into the activities of the business, throughout the company, from top to bottom.

Lastly, he explained that succession is regularly discussed at board level. He assured us that he evaluates the performance of individual supervisory board directors after every board meeting.

**Case study:**
BT Group Plc

**Market cap:** GBP 22.8bn

**Sector:**
Telecommunications

**Country:** UK

**What is the issue?** In June, the company announced that the CEO was stepping down and that succession process was underway to find his replacement. We also noted the poor performance of the company.

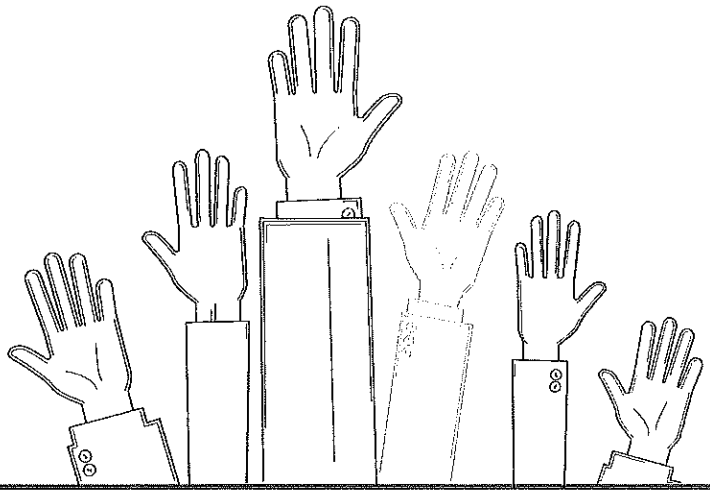
**Why is it an issue?** It is important that the candidate with the right set of skills, knowledge and experience is selected in order to execute the company's strategy successfully.

**What did LGIM do?** Within a few days of the announcement, LGIM held a meeting with the chairman to discuss the current performance of the company, the structure of the board and future strategic issues.

The succession planning for the CEO was also discussed to identify the key attributes needed to lead the company over the next five years. We highlighted a preference for an individual with good experience of running large, technical and complex businesses and someone who can maintain good relationships with regulators.

**What was the outcome?** The chairman noted our comments on succession planning and will inform the market of any updates at the appropriate time.

We will continue to monitor the company's performance and succession planning of the CEO.



# Case studies

**Case study:**
42 North American companies members of the National Association of Manufacturers

**What is the issue?** The National Association of Manufacturers is involved with the curtailing of shareholders' ability to file proposals linked to material business issues impacting the sustainability of companies, in particular in relation to climate change issues.

**Why is it an issue?** They convey a negative message about investor engagement and shareholder resolutions. They argue that shareholder resolutions on climate change are politically motivated and may negatively affect company performance and shareholder value. This is clearly at odds with the policies and experiences of many of its members who have forward-looking policies and programmes on climate change and understand the business case for actively addressing it.

**What did LGIM do?** LGIM co-signed a letter with a group of international stakeholders to 42 North American companies that are members of the Association.

The letters asked for clarification of each of the companies' awareness and views of the Associations' angle and objectives. It also asked whether they would communicate disagreement with the positions being taken by the Association and state this publically to inform concerned investors.

**What was the outcome?** The group is currently awaiting responses. LGIM shall also raise the issue when it engages directly with any of the affected companies.

# Company engagement

## Case studies

**Case study:**
TalkTalk

**Market cap:** GBP 1.3bn

**Sector:**
Telecommunications

**Country:** UK

**What is the issue?** In February 2018, the company raised £200m through a share placing. However, the method chosen by the company to raise the cash did not include pre-emption rights and was therefore not in line with best practice.

In addition, shareholders did not have the opportunity to vote on the transaction given that the Financial Conduct Authority (FCA) increased the threshold exempting companies from the need to publish a prospectus from 10% to 20% of the issued share capital.

**Why is it an issue?** Pre-emption rights give existing shareholders the right to acquire new shares issued by a company. This is fundamental shareholder protection measure which prevents investors from being diluted.

Despite the amendments to the FCA prospectus rules, the Pre-Emption Group which sets best practice for the market, decided not to amend its limit of up to 10% of the issued share capital for non pre-emptive issues.

**What did LGIM do?** At the time of the large placing, LGIM made a press comment in the *Times* on the importance of pre-emption rights for shareholders in the company's decision. We also noted that the placing was made at a time where the company's share price was at its lowest in five years.

We subsequently opposed the re-election of the chairman and the senior independent director at the company's AGM due to concerns with the decision taken on this transaction. We also voted against the remuneration report and the re-election of non-independent directors and authorities to raise capital.

**What was the outcome?** At the AGM, a significant number of independent shareholders voted against the re-election of directors and authorities to issue shares both with and without pre-emption rights.

Given the large opposition by independent minority shareholders, LGIM would expect a response to the issues raised. We will push with other investors for protection of shareholder rights.

# Raising the bar on stewardship

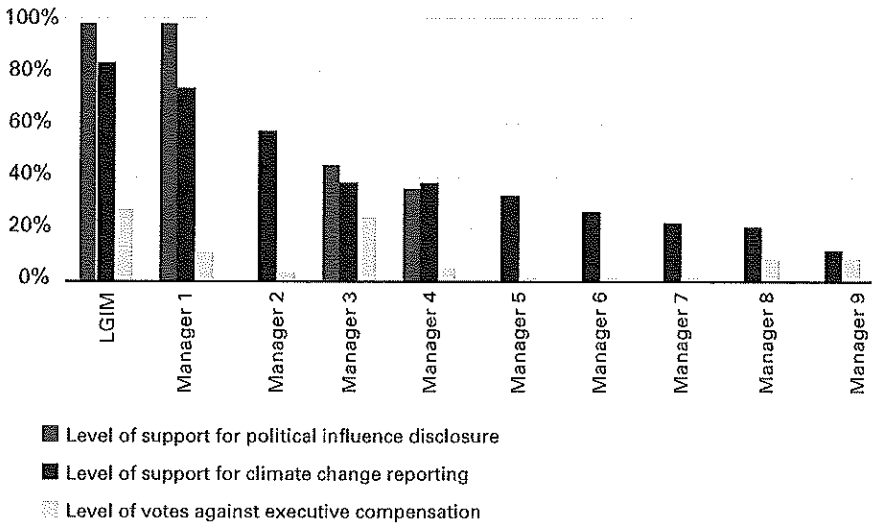
## Scrutiny on political influence and executive pay

We believe in being active owners of the companies we invest in on your behalf. An independent report recognises LGIM for using its influence to drive change at companies.

We challenge companies to be transparent about their use of shareholder money, and how this adds value. We will voice our concerns when we believe executive pay rises only reflect short-term performance. Looking at key US shareholder votes in 2018, the report found **LGIM showed the highest level of opposition to company management on the issue of executive pay, compared to any of the world's 10 largest asset managers.**

**LGIM was also the top supporter of resolutions calling on companies to report on their political spending.**

**Continuing a trend from last year, LGIM also had the highest level of support for resolutions on climate change disclosure.** Read the report here: **https://5050climate.org/news/2018-key-climate-vote-survey/**




Climate 50/50 Project - Asset Manager Climate Scorecard 2018, analysis of the voting records of the world's 12 largest asset managers that report mutual fund votes, focused on resolutions at US energy and utility companies. 11 largest asset managers by AUM shown).

**Raising standards at companies**

In June 2018 we made public our first annual ranking of corporate leaders and laggards on climate change[3]. We highlighted examples of best practice that we wanted to see emulated more widely, while also sounding the alarm about signs of inaction by voting against several company chairs and divesting eight companies from our *Future World* range of funds.

**We are now preparing for the next round, analysing and scoring companies' climate strategies.** We have already written to the lowest scorers, setting out our expectations on issues such as reduced emissions or better reporting. We have started with those companies where improvements are most needed, but will continue until we will have covered around half of the market capitalisation in six key global sectors. By focusing on large companies, we aim to create a ripple effect across industries, pushing the leaders to do more and the laggards to catch up with peers.

Already, seven of the eight companies that have been divested have since contacted us, asking for suggestions on how to improve their ranking and potentially be reinstated in the funds.

Hardly a month passes without new examples of companies stepping up on climate change. Following our engagement, Standard Chartered, one of the UK's largest banks, has announced it will no longer finance new coal-fired power plants, or the expansion of existing plants.

In parallel to working with companies, we believe regulators have an essential role to play in the transition to a low-carbon economy. Our call on the International Organisation of Securities Commissions, the global standard-setters for securities, to raise the bar on the issue of climate disclosure has been covered in the media[4].

3. Available here: http://www.lgim.com/web_resources/lgim-thought-leadership/Files/LGIM-Climate-Impact-Pledge-The-results-so-far-Umbrella.pdf
4. https://www.ipe.com/news/esg/lgim-backs-call-for-iosco-to-foster-harmonised-climate-risk-reporting/www.ipe.com/news/esg/lgim-backs-call-for-iosco-to-foster-harmonised-climate-risk-reporting/10026286.fullarticle

## LGIM's ESG View - combining external data sources with proprietary analysis

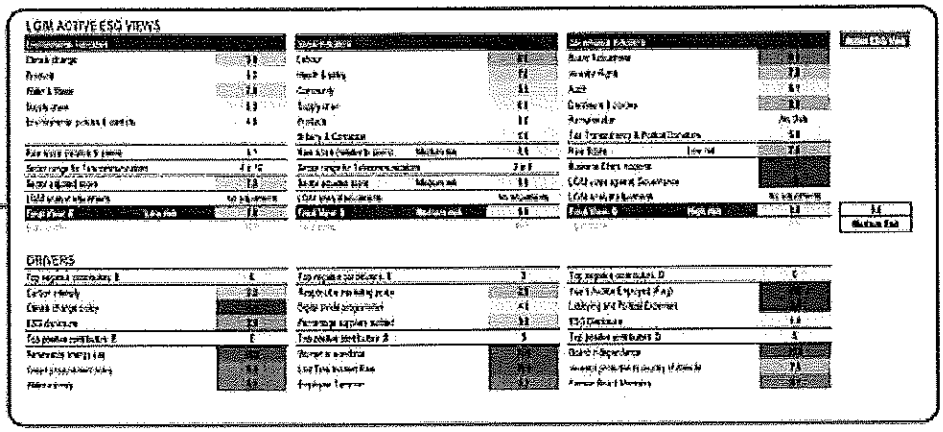
**8**
Independent raw data providers

**c.400**
ESG data points feeding into our tool

**64**
Sector sheets developed to calculate material ESG indicators/weight them accordingly

**c.4,000**
Companies scored internally. Could be as large as the dataset

- Bloomberg
- Sustainalytics
- MSCI
- ISS
- Reprisk
- Maplecroft
- Thomson Reuters
- HSBC
- LGIM proprietary analysis




Note: Scores are illustrations only. Source: LGIM.

It involves the teams leveraging their sector expertise, in-depth knowledge of company dynamics and the corporate access we enjoy due to our scale. This leads ultimately to a status for each company ranging from "very strong" to "very weak".

For our core active products the ESG View is fully integrated into how we fundamentally assess a company and is considered alongside all other components of investment analysis. Within the core products it remains at the portfolio manager's discretion as to whether a company with a weak ESG status offers the necessary level of return for the given level of risk being taken to warrant inclusion within the portfolio.

However, for our Future World fund range – where we go further in addressing ESG issues – we would only incorporate a company with a weak ESG status if we expect to see improvements in the future as a result of successful engagement.

The assessment of the ESG status will take into account consideration of both the ESG Score and the ESG View, as we place more emphasis within these funds on achieving an improved ESG profile.

## LGIM's Global ESG scores - available on our website[2]

| Company name | LGIM's Global ESG Score |
|---|---|
| 3i Group PLC | 65 |
| 3M Co | 42 |
| ABB Ltd | 56 |
| Abbott Laboratories | 49 |
| AbbVie Inc | 58 |
| ABC-Mart Inc | 28 |
| ABN AMRO Group NV | 64 |
| Accenture PLC | 71 |
| Accor SA | 25 |
| Acom Co Ltd | 20 |
| ACS Actividades de Construccion y Servicios SA | 47 |
| Activision Blizzard Inc | 52 |
| Acuity Brands Inc | 45 |
| Adecco Group AG | 70 |

2. http://www.lgim.com/files/_document-library/capabilities/cgri/lgims-global-esg-score.pdf

# Enhancing ESG integration in active funds

Integration of environmental, social and governance (ESG) considerations into our active investment processes is one of the ways in which LGIM embeds the principles of responsible investing across the business[1].

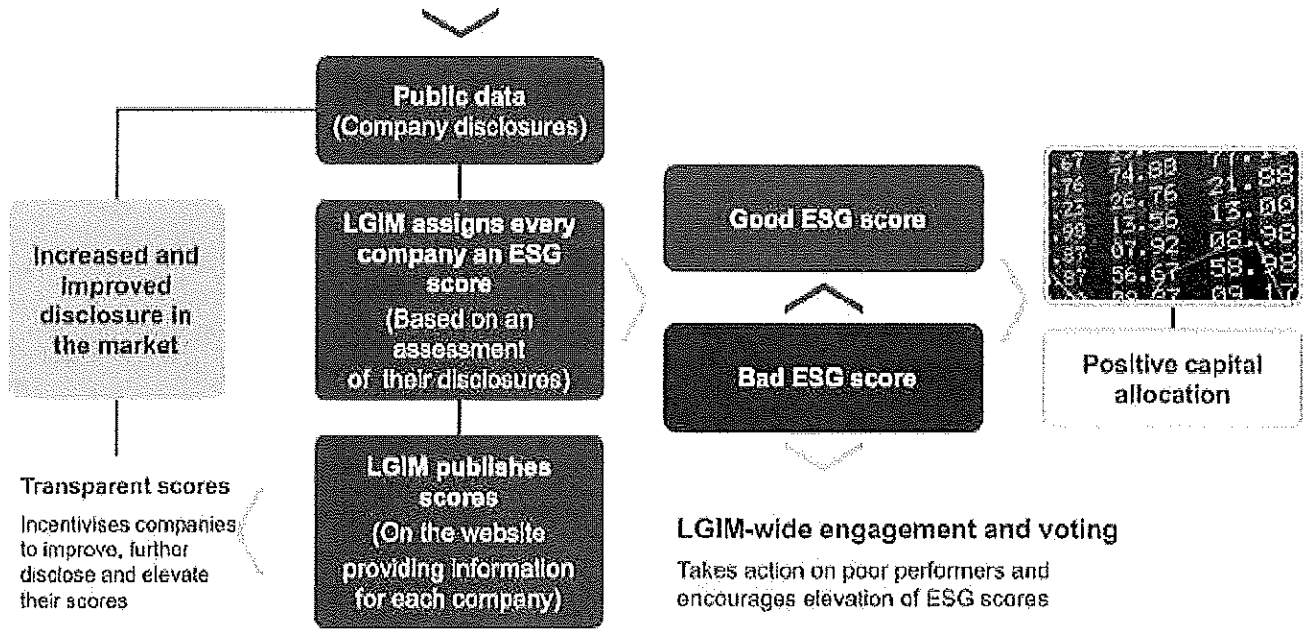
A company's ESG profile is most comprehensively assessed by looking at two different drivers of investment returns. The first is how its business activities can impact its bottom line; for example, the risk of pollution by a miner leading to the loss of a key licence to extract resources from a country. The second is how long-term trends may determine consumer demand for products and services; for example, the implications of the global battle against plastic for petrochemical companies and demand for oil.

Thinking about these issues is not new to us, however we have been working to develop and enhance our tools and processes for assessing how companies are managing ESG factors and to integrate these findings into active fund management.

Firstly, through the evaluation of long-term themes; in our working groups on energy, demographics, technology and politics, we generate valuable insights into how companies are adapting to a rapidly changing world. Secondly, through consideration of LGIM's Active ESG View, which provides a picture of ESG risks and opportunities embedded within each company. We believe that incorporating the View into analysis helps mitigate investment risks and increases the probability of better long-term outcomes.

Our ESG View forms an essential component of the overall active research process. It takes the inputs that form the LGIM ESG Score as a starting point for assessing ESG quality, and then goes a step further by incorporating additional granular quantitative and qualitative inputs.

## Fully utilising our influence on the market




1. The reason we take such an active approach to responsible investing is that we believe it can not only mitigate risks, but also lead to better long-term financial outcomes, without sacrificing performance.

**UNILEVER – ENGAGEMENT SUCCESS**

This quarter, Unilever announced its intention to unify their dual corporate structure and move their headquarters to the Netherlands. The approval of 75% of shareholders was needed by the company. LGIM took the unusual step of pre-declaring our voting intention ahead of the extraordinary shareholder meeting of Unilever which was due to be held at the end of October.

Sacha Sadan, Director of Corporate Governance, commented to the press on LGIM's decision to vote against these proposals:

***"We understand Unilever has explored a number of alternatives in reaching its final decision. However, we do not believe Unilever has made a compelling case for many PLC shareholders to support the recommendation in favour of Dutch incorporation. Therefore, we intend to vote against Unilever's proposed resolution."***

We also explained our position to our clients in a detailed briefing statement.

Our vote decision was covered by the main national media including the Financial Times and BBC. On 5 October, the board announced it had decided to withdraw its proposal to simplify Unilever's dual-headed legal structure given that this proposal did not receive support from a significant group of shareholders.

**EXPANSION OF VOTING COVERAGE**

LGIM expanded its voting coverage to the following nine new markets this quarter: Chile, Colombia, Czech Republic, Greece, Pakistan, Philippines, Qatar, Turkey, United Arab Emirates.

Our voting covered 97% of the FTSE All-World Index constituents by market capitalisation in 2017 and we aim to continue to further expand our coverage where it is possible to do so. Please note that our global voting policy applies to these new markets. More information on our policy is available on our **website**.

**NEW JOINERS**

Our corporate governance team expanded this quarter with the appointment of John Hoeppner as Head of US Stewardship and Sustainable Investments of LGIM America. John is working in our Chicago office in liaison with the London team, and helps develop our ESG activity at LGIMA.

James Malone also joined the team in London as a Corporate Governance Analyst and supports the team in its voting and engagement activities globally.

For more information, please go to:
**www.lgim.com/cgupdate**