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Shropshire Council

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

Date: Thursday, 25 February 2021

Committee:
Pensions Committee

Date: **Friday, 5 March 2021**
Time: **10.00 am**
Venue: **THIS IS A VIRTUAL MEETING - PLEASE USE THE LINK ON THE AGENDA TO LISTEN TO THE MEETING**

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.. **https://www.shropshire.gov.uk/pensions-committee-5-march-2021/**

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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)
Byron Cooke (Employee Representative Telford & Wrekin Council)

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

AGENDA

1 Apologies and Substitutions

To receive apologies for absence and notification of any substitutions.

2 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.

3 Minutes of the Previous Meeting

The Minutes of the meeting held on 04 December 2020 are to follow.

Contact: Tim Ward (01743 257713)

4 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, 03 March 2021.

5 Informing the Audit Risk Assessment for Shropshire County Pension Fund 2020 - 21 (Pages 1 - 26)

The report of Grant Thornton is attached.

Contact: Grant Patterson and Terry Tobin (0121 232 5276)

6 Pensions Administration Monitoring (Pages 27 - 40)

The report of the Pensions Administration Manager is attached.

Contact: Debbie Sharp (01743 252192)

7 Corporate Governance Monitoring (Pages 41 - 116)

The report of the Investment Officer is attached.

Contact: Ben Driscoll (01743 252079)

8 **Investment Stewardship**

Mr Sacha Sudan, Legal and General, will be in attendance to present this item.

9 **Investment Strategy Update**

Mr Louis-Pall Hill, Aon, will be in attendance to provide a verbal update on this item.

10 **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.

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

The exempt Minutes of the meeting held on 04 December 2020 are to follow.

Contact: Tim Ward (01743 257713)

12 **Governance (Exempted by Category 3)** (Pages 117 - 166)

The exempt report of the Pensions Administration Manager is attached.

Contact: Debbie Sharp (01743 252192)

13 **New Employers (Exempted by Category 3)** (Pages 167 - 170)

The exempt report of the Pensions Administration Manager is attached.

Contact: Debbie Sharp (01743 252192)

14 **Funding Briefing (Exempted by Category 3)**

Ms Michelle Doman and Mr Mark Wilson, Mercer, will be in attendance to present this item, attached.

15 **Investment Strategy (Exempted by Category 3)**

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

16 **Investment Monitoring - Quarter to 31 December 2020 (Exempted by Category 3)** (Pages 171 - 212)

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

Contact: Justin Bridges (01743 252072)

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Grant Thornton

Informing the audit risk assessment for Shropshire County Pension Fund 2020/21

Terry Tobin
Senior Manager

E terry.p.tobin@uk.gt.com

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Table of Contents

Purpose

The purpose of this report is to contribute towards the effective two-way communication between Shropshire County Pension Fund's external auditors and Shropshire County Pension Fund's Pension Committee, as 'those we communicate with'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Pension Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Pension Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Pension Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Pension Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Pension Committee and supports the Pension Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and Shropshire County Pension Fund's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Shropshire County Pension Fund's management. The Pension Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	No events or issues expected to have a significant impact on financial statements.
2. Have you considered the appropriateness of the accounting policies adopted by Shropshire County Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	Yes. No.
3. Is there any use of financial instruments, including derivatives?	Only for efficient portfolio management for risk management purposes in LDI and equity protection strategies.
4. Are you aware of any significant transaction outside the normal course of business?	No

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General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No.
6. Are you aware of any guarantee contracts?	N/A
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Shropshire County Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	N/A

General Enquiries of Management

Question	Management response
9. Have any of Shropshire County Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Aon, Mercer & Roger Bartley – Fund's advisors, on investment strategy and valuation.

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Pension Committee and management. Management, with the oversight of the Pension Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Pension Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Shropshire County Pension Fund 's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Pension Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Pension Committee oversees the above processes. We are also required to make inquiries of both management and the Pension Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Shropshire County Pension Fund's management.

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Fraud risk assessment

Question	Management response
1. Have Shropshire County Pension Fund assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process? How do Shropshire County Pension Fund's risk management processes link to financial reporting?	The Pension fund completes its own accounts and the two main statements of account are also included with the main accounts of Shropshire Council, . Fraud risks are identified by Internal Audit in their audit plan covering the council and the pension fund and all fundamental systems which feed the statement including the pension fund accounts are reviewed annually to ensure that controls in place are satisfactory. The statement of pension fund accounts is also subject to an analytical review each year which considers any significant or material changes to figures, to confirm that the accounts are presented without such misstatements.
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	No areas with a high risk of material fraud have been identified. If any risks are identified, recommendations for mitigation are made to managers who then implement as necessary.

Fraud risk assessment

Question	Management response
3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Shropshire County Pension Fund as a whole or within specific departments since 1 April 2020? As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	No Regular reports issued to the Pension Committee.
4. Have you identified any specific fraud risks? Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within Shropshire County Pension Fund where fraud is more likely to occur?	No areas with a high risk of material fraud have been identified. If any risks are identified, recommendations for mitigation are made to managers who then implement as necessary.
5. What processes do Shropshire County Pension Fund have in place to identify and respond to risks of fraud?	Specific fraud risks are identified in the internal audit planning process noted above; in identifying key controls to be assessed as part of an audit; in targeted fraud prevention work and by raising awareness of the potential for fraud with staff, members and people working and involved with the Council and Pension Fund. This is done through the Counter Fraud, Bribery and Anti-Corruption Strategy, Speaking up about Wrongdoing Policy, online Meritec training package and supporting manual training packages. In addition systems and processes are designed by managers and users to minimise the risk of fraud and corruption. In relation to pensioner payroll, the Fund takes part in the National Fraud Initiative scheme. Any queries identified are investigated and resolved. Fund Managers and their Administrators sends internal control reports and these are reviewed by the pension team and any exceptions reported on. Internal Audit also reviews the internal control reports as part of their annual audit cycle. Quarterly Pension Committee meeting is held to monitor the fund's investment managers and business risk including fraud will be communicated to 'those charged with governance'.

Fraud risk assessment

Question	Management response
6. How do you assess the overall control environment for Shropshire County Pension Fund, including: • the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness the system of internal control? If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken? What other controls are in place to help prevent, deter or detect fraud? Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	Internal controls, including whether segregation of duties exist, are reviewed by Internal Audit as part of their routine and investigative work; exceptions are reported to managers and inform the Internal audit opinion.
7. Are there any areas where there is potential for misreporting?	No.

Fraud risk assessment

Question	Management response
8. How do Shropshire County Pension Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors? How do you encourage staff to report their concerns about fraud? What concerns are staff expected to report about fraud? Have any significant issues been reported?	The Pension Fund follows Shropshire Council's Whistle Blowing policy and guidelines. The Pension Fund shares the whistleblowing policy with the public and all contractors. The terms and conditions within Pension Fund contracts also include ethical considerations for contractors and suppliers. The vision and values for the Pension Fund identify the need for staff to act with integrity in all the undertakings we make and this is tested and reviewed via team meetings and engagement surveys undertaken across the whole organisation. No.
9. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?	No posts considered high risk. Clear segregation of duties to minimise risk.
10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? How do you mitigate the risks associated with fraud related to related party relationships and transactions?	No.

Fraud risk assessment

Question	Management response
11. What arrangements are in place to report fraud issues and risks to the Pension Committee? How does the Pension Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?	See responses above.
12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	No.
13. Have any reports been made under the Bribery Act?	No.

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Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Pension Committee, is responsible for ensuring that Pension Fund's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make enquiries of management and the Pension Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does Shropshire County Pension Fund have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to Shropshire County Pension Funds regulatory environment that may have a significant impact on Shropshire County Pension Fund's financial statements?	The Council has a Monitoring Officer and S151 Officer who provide assurance that all relevant laws and regulations have been complied with. Refer to response below.
2. How is the Pension Committee provided with assurance that all relevant laws and regulations have been complied with?	The Council has a Monitoring Officer and S151 Officer who provide assurance that all relevant laws and regulations have been complied with. The Pensions Fund has adopted the Local Government Pensions Scheme Regulations. The Pension Committee receive regular reports of compliance from offers, who are suitably qualified. Any non compliance would be reported to management via Internal Audit reports and appropriate plans are put in place to remedy such issues. These would cover the pension fund as applicable.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?	The Section 151 Officer is not aware of any instances of non-compliance with relevant laws and regulations in 2020-21. The Chair of the Pension Fund Committee is not aware of any instances of non-compliance during 2020/21.
4. Is there any actual or potential litigation or claims that would affect the financial statements?	The Section 151 Officer is not aware of any actual or potential litigation or claims that would affect the financial statements.

Impact of laws and regulations

Question	Management response
5. What arrangements does Shropshire County Pension Fund have in place to identify, evaluate and account for litigation or claims?	Risk management, insurance and legal work together to identify and evaluate any potential litigation or claims against the Council. Any potential liabilities are highlighted each year in the Council's Statement of Accounts, which includes consideration of the Pension Fund, which is consolidated into the Council's financial statements.
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No such reports have been received.

Related Parties

Issue

Matters in relation to Related Parties

Shropshire County Pension Fund are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by Shropshire County Pension Fund;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over Shropshire County Pension Fund;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of Shropshire County Pension Fund, or of any entity that is a related party of Shropshire County Pension Fund.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then Shropshire County Pension Fund must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
1. Have there been any changes in the related parties including those disclosed in Shropshire County Pension Fund's 2019/20 financial statements? If so please summarise: • the nature of the relationship between these related parties and Shropshire County Pension Fund • whether Shropshire County Pension Fund has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions	No
2. What controls does Shropshire County Pension Fund have in place to identify, account for and disclose related party transactions and relationships?	A number of arrangements are in place for identifying the nature of a related party and reported value including: • Maintenance of a Register of interests for Members, a register for pecuniary interests in contracts for Officers and Senior Managers requiring disclosure of related party transactions. • Annual return from senior managers/officers requiring confirmation that read and understood the declaration requirements and stating details of any known related party interests.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	Transactions checked by investment officer, and payments approved by Head of Treasury & Pensions or Section 151 officer
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	Not applicable

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Pension Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Pension Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Significant events such as global pandemic which have given rise to market uncertainty and increased uncertainty in accounting estimates for certain classes of investments. Accounting estimates for level 2 & 3 are detailed in the noted to the accounts.
2. How does Shropshire County Pension Fund’s risk management process identify and addresses risks relating to accounting estimates?	Disclosure notes are included in the notes to the accounts relating to risk on accounting estimates
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Valuation from Fund managers is checked to Custodian valuation and differences are reconciled.
4. How do management review the outcomes of previous accounting estimates?	Monthly accounting process would identify significant changes in accounting estimates.
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	No changes

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Experience of Pensions investment team, discussions with Fund managers & Advisors
7. How does Shropshire County Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	SCPF review internal control reports for each Fund manager. Where a control weakness has been identified in the report , a response is required from the Fund manager on how this has been resolved. Internal Audit also provide independent assurance.
8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	SCPF gain assurance from Fund managers regarding the operation of internal controls in place including for any third party service providers. Internal Audit also provide independent assurance.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements.	Experience of pensions investment team, checking and reconcile management statements to Northern Trust, reconcile any differences.

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	No.
11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes.
12. How is the Pension Committee provided with assurance that the arrangements for accounting estimates are adequate ?	See responses above.

Appendix A Accounting Estimates (material only)

Estimate [Examples]	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Level 3 investment valuations	Valuations based on appropriate guidelines such as International Private equity & venture capital Guidelines (2012), US GAAP, IFRS or other appropriate guidelines	Knowledge of the Pensions Investment team, valuations checked by Custodian	Fund Advisers. Discussions with Fund manager as appropriate.	Degree of uncertainty inherent with Level 3 investment valuations. Fund managers use appropriate guidelines/best practice	No

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Committee and date	Item
Pensions Committee 5 March 2021 10.00am	 Public

PENSIONS ADMINISTRATION MONITORING REPORT

Responsible Officer Debbie Sharp
Email: 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 Implication**
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 GMPs will

increase costs for the fund going forward. Further compliance with TPR code has highlighted areas where further costs could by 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 to January 2021 is attached at **Appendix A**. The chart indicates 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. The chart shows that tasks and cases outstanding have reduced by the end of this quarter. It is also interesting to note that the number of processes completed in a month dropped in December as expected due to the number of staff on leave and the extended Christmas closedown. There was a sharp increase during January 2021 however of the number processed and an increase in the number processed on time.

4.2 A temporary vacancy has arisen within the team due to a staff member going on maternity leave 3 months early. The team have successfully advertised externally to fill this vacancy, on a temporary fixed term contract, and a new employee will join the team soon.

4.2 Fund Employers will shortly be reminded of the data requirements and reconciliations needed for the year end to 31 March 2021. Revised deficit schedules will also be issued for the uprated deficit lump sum amounts, due from some employers in 2021/22.

4.4 **Benchmarking 2019/20**

The Pensions Administration Benchmarking Club compares the cost administering of LGPS Pension Funds with others nationally. Shropshire took part in the 2020 club and have recently received the findings.

4.5 Output charts are shown at **Appendix B**. Table A, page 1 of appendix B, shows the administration cost per member. Shropshire (black bar) at £19 per member is below the national average of £20 per member.

4.6 Tables B and Table C show the costs for pensioner payroll and benefits processing which are also both under the benchmark average. This is consistent to previous years in these areas.

4.7 Tables D and E show areas where our costs are above the benchmark average even though we are under the average for total costs. Employer engagement and membership engagement is reflective of the amount of resource that the Shropshire Team deploy to engage with employers with the primary aim to obtain good quality data and timely payments of contributions, to help the team provide accurate benefits and regulation compliance. Membership engagement has always been a key priority at Shropshire, and it is good to see that the Pension Regulator agrees.

4.8 **Help Desk Statistics**

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

	November 2020	December 2020	Up to 25th January 2021*
Telephone calls received	712	635	786
Queries dealt with by helpdesk at first point of contact %*	56%**	76%	75%
Users visiting the Website	2,647	1,974	1,987

*Part month statistics as new phone system in place from 26th January 2021, future statistics will show new phone systems statistics.

**Vacant post and reduced staffing due to annual leave on the helpdesk from 5 November 2020 affected calls answered levels on helpdesk during this month

4.9 The Helpdesk also responds to a number of emails on a daily basis the following table shows these numbers:

	November 2020	December 2020	January 2021
Emails Received	748	592	876
% of emails responded to within 3 working days	100%	100%	100%
Average number per day	35.62	37	43.8

5 Communications and Governance

5.1 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 now available to view on ‘My Pension Online’ unless a member has requested a paper copy. As at January 2021 a total of 46% active members and 38% of deferred members and 32% of pensioners were registered to view their records on ‘My Pension Online’. Further work will be undertaken during 2021 to release more documentation via ‘My Pension Online’ to members with access.

5.2 In February 2021, BluPrint, Shropshire Council’s team who manage the corporate post room, who have been providing incoming post scanning services to the Fund since May 2020, have now taken over the printing and posting of the outgoing mail too. Extensive testing has been undertaken in setting up this service and barcoding has been developed to eliminate the requirement for manual packing of letters.

6 Employer performance

6.1 In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions by the 19th of the month. Accompanying data must also be submitted via i-Connect by this date. The below table 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.

	November 2020	December 2020	January 2021
i-Connect data	98%	97%	97%
Monthly contributions	96%	96%	99%
Monthly deficit	92%	98%	94%

7 Cyber security

7.1 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.

7.2 Shropshire Council’s ICT team reported in December 2020 that the year had been very busy for Cyber Security with the malicious cyber attackers exploiting the terrible events that made 2020 so hard. During the year over 2 billion threats were blocked, there were 133 security incidents and over 5 ½ million malicious emails were blocked. There were no reports of any attacks to the pension system.

7.3 The Fund is looking at its responsibility for Cyber Security in line with the Pensions Regulator Guidance. Several team members attended a training session offered by AON on cyber security for public sector pension funds in November 2020. Aon then launched a cyber security scorecard for funds to complete to benchmark where they are on their cyber security journey. The Fund agreed to participate in this initiative. This has been completed and AON will issue feedback when they have enough data from other funds for comparisons. Aon also offer a chargeable service to work with Fund's on an individual level to look at their Cyber Security Policies and assess any main shortfalls. The Fund will assess the need for this service on the outcome of the scorecard assessment.

7.4 Whilst this feedback is being awaited, the team have been looking into the policies currently in place with Shropshire Council. A response is awaited from SC. Many of these policies cover the areas specified and these will be documented. However, early indications have identified that there were some areas that need to be addressed by the Fund. These include a formal Policy or strategy which designates an officer responsible for the Fund's cyber security, covers security for committee and board members, assessments against third party providers and an incident response plan for starters. It is very clear that the Fund will need to continue to work with its host authority to address these areas.

8 System Developments due to Legislative change

8.1 The Public Sector Exit Payments Regulations 2020 came into force on 4 November 2020 and imposed a £95k cap on exit payments for employees in the public sector. A public consultation on the draft LGPS Discretionary Payments Regulations 2020 is currently in progress. The new regulations are intended to apply the Exit Cost Cap to discretionary payments for the LGPS scheme Employers in England and Wales.

8.2 As a result of this, the system software providers were required to undertake development work to look at delivering a solution to:

- Introduced a facility to record the new information required to run redundancy, early retirement and efficiency calculations
- Implementation of the new strain calculation method
- Altair calculation changes for redundancy, early and efficiency retirements.
- Improvements to the bulk redundancy calculation process
- Amendment to calculation output to enable members to be presented with their options

- Implementation of changes needed to cater for waiver options

8.3 Aquila Heywood had given an estimate of the time required to complete this development. The cost was to be split between the Software Providers (20%) and the rest of the Funds in CLASS group. The cost to each fund was dependent upon scheme size, so for Shropshire cost would be circa £8,000.

8.4 On Friday 12th February the Government announced however that the £95k cap should be treated as if it never applied. '*After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences and the* [2020] *Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked.*' the document included the following quotes:

- "*HM Treasury will bring forward proposals at pace to tackle unjustified exit payments."*
- *"If you have been directly affected by the cap whilst it was in force, you should request from your former employer the amount you would have received had the cap not been in place by contacting your employer directly."*
- *"In light of the withdrawal of the Regulations, employers are encouraged to pay to any former employees who had an exit date between 4th November 2020 and 12th February 2021 and to whom the cap was applied, the additional sums that would have paid but for the cap. Given that the cap has now been disapplied, it is open to employers to do so and HM Treasury's expectation is that they will do so*."

A full copy of the guidance can be found here:
www.gov.uk/government/publications/guidance-on-public-sector-exit-payments

8.5 Although the removal of the cap removes the uncertainty and complexity for the Funds and employers in implementing the new legislation, it has meant the extensive work completed to implement the cap in communicating the changes, and updated processes for dealing with quotations/actual retirements has had to be reversed.

8.6 Following the McCloud judgement on age discrimination and changes to legislation due to take effect from 1 April 2022, work has started in preparation for this by Aquila Heywood. Funds will be required to liaise with scheme employers to check the accuracy of data that has been received from them. To assist funds tools have been designed to help with the collection of missing data and the uploading of it to the pension administration system Altair. There are reports available to check on the data held to assist employers. The cost for these tools and reports is being covered as part of the CLASS development fund. The Fund contributes to this as part of its annual support and maintenance costs.

8.6 A new module is being offered by Aquila Heywood in respect of a reporting tool that is far more sophisticated than the current report writer available within the current modules. This is called Insights and is supplied by Tableau, it is very similar to PowerBI (Microsoft tool). Insights comes with ready built reporting facilities and dashboards and accesses the pension system database. IT are assisting the team with its investigations and a trial is being arranged. Should this tool prove to be invaluable and SC IT not be able to offer the same output from Power BI then Officers would look for Committee approval to procure this tool.

9. Mortality Checking – Covid-19

9.1 The total number of notifications of deaths of pensioner members in the Shropshire Fund, which have been provided to the LGA are;

	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
	34	32	33	38	32	30	25	21	35	28	36	63

9.2 A query was raised at the last committee meeting why there was a large discrepancy between the two tables reporting deaths in a month compared to those deaths notified in the month. Unfortunately, the data in the deaths notified in a month table had included duplicate cases so was over stated. The data has now been amended backdated to February 2020 and the LGA have been informed of the revised numbers.

9.3 Please note that sadly Shropshire saw a marked increase in the number of deaths we were informed of in January. Over December and January, the Fund was notified of 99 deaths, far higher numbers than previously throughout 2020.

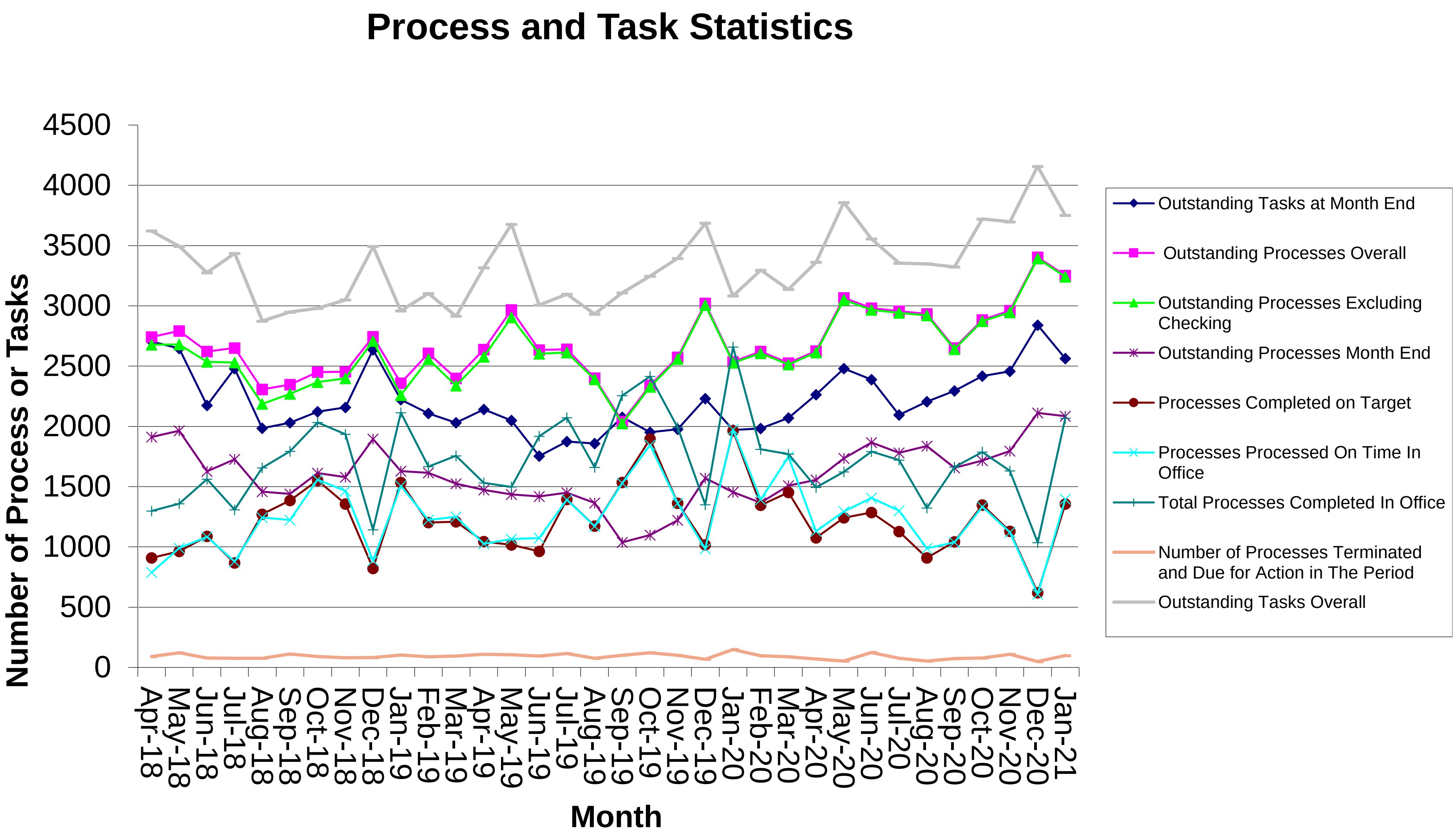
10. GMP Reconciliation/Rectification Update

10.1 Pensioner and dependents benefits affected by the GMP rectification exercise were amended from 1st February 2021. There were 123 members affected. This is 0.94% of the number of pensioner and widows benefits in payment as at 31 January 2021.

10.2 All have been written to. They were told what their revised pension would be from February 2021. Those pensioners underpaid were paid their arrears.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Pensions Committee Meeting 4 December 2020 Pensions Administration Report
Cabinet Member (Portfolio Holder) NA
Local Member NA
Appendices Appendix A – Performance Chart Appendix B – Benchmarking 2019/20 Charts

Appendix A


Process and Task Statistics
Number of Process or Tasks
4500
4000
3500
3000
2500
2000
1500
1000
500
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
Apr-19
May-19
Jun-19
Jul-19
Aug-19
Sep-19
Oct-19
Nov-19
Dec-19
Jan-20
Feb-20
Mar-20
Apr-20
May-20
Jun-20
Jul-20
Aug-20
Sep-20
Oct-20
Nov-20
Dec-20
Jan-21
Month
Outstanding Tasks at Month End
Outstanding Processes Overall
Outstanding Processes Excluding Checking
Outstanding Processes Month End
Processes Completed on Target
Processes Processed On Time In Office
Total Processes Completed In Office
Number of Processes Terminated and Due for Action in The Period
Outstanding Tasks Overall

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Appendix B BENCHMARKING CHARTS 2020

TABLE A

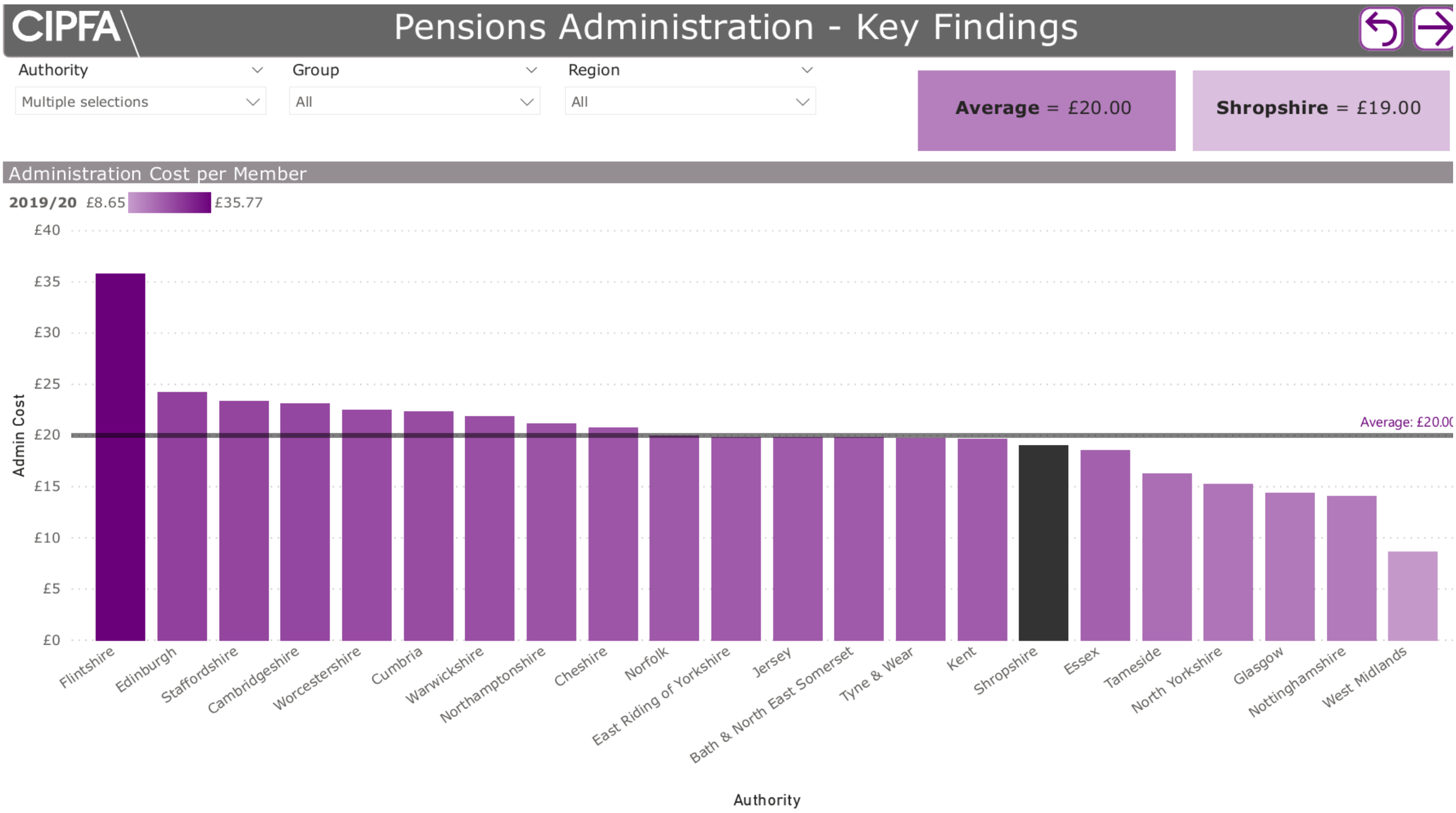


TABLE B

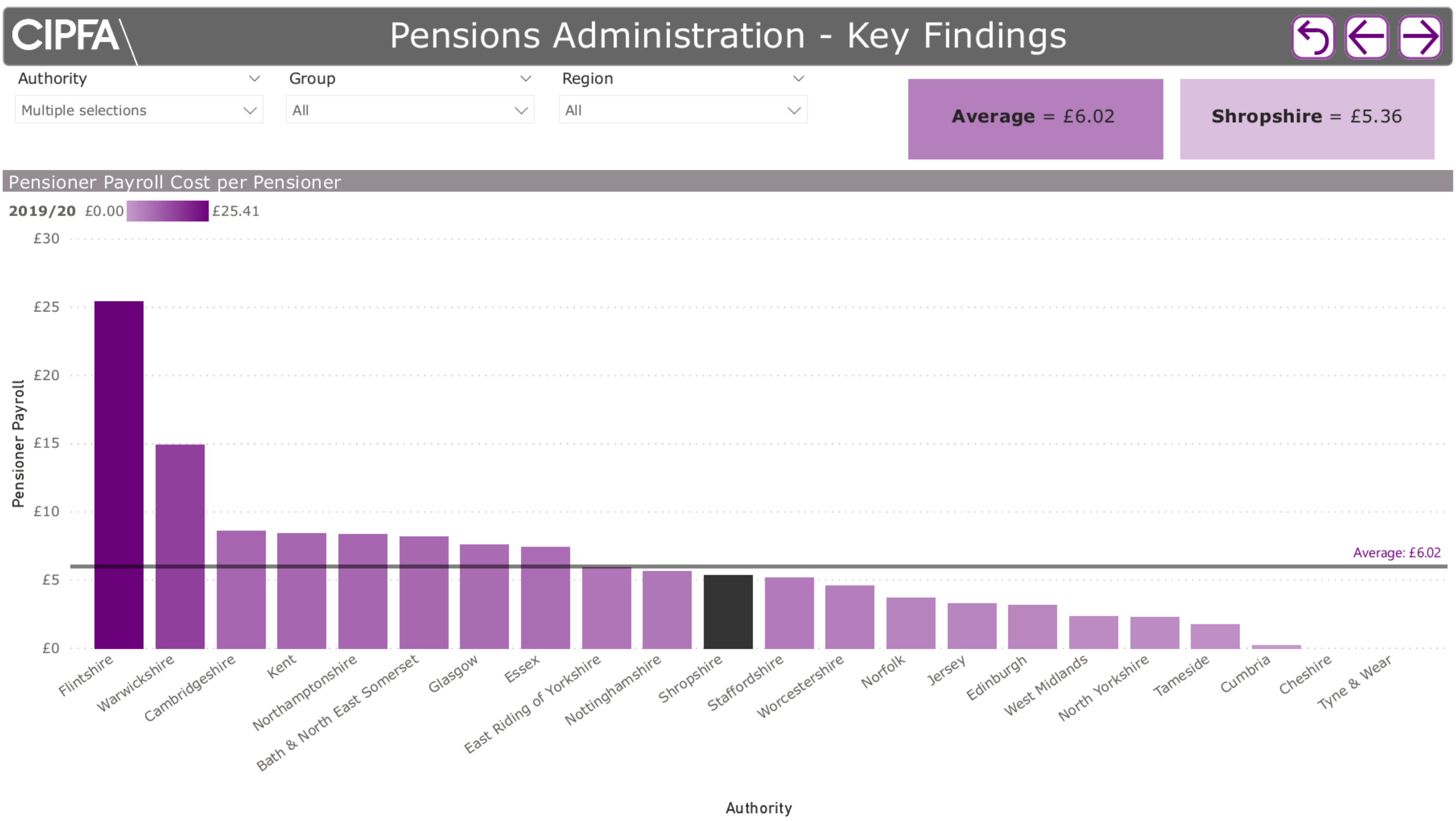


TABLE C

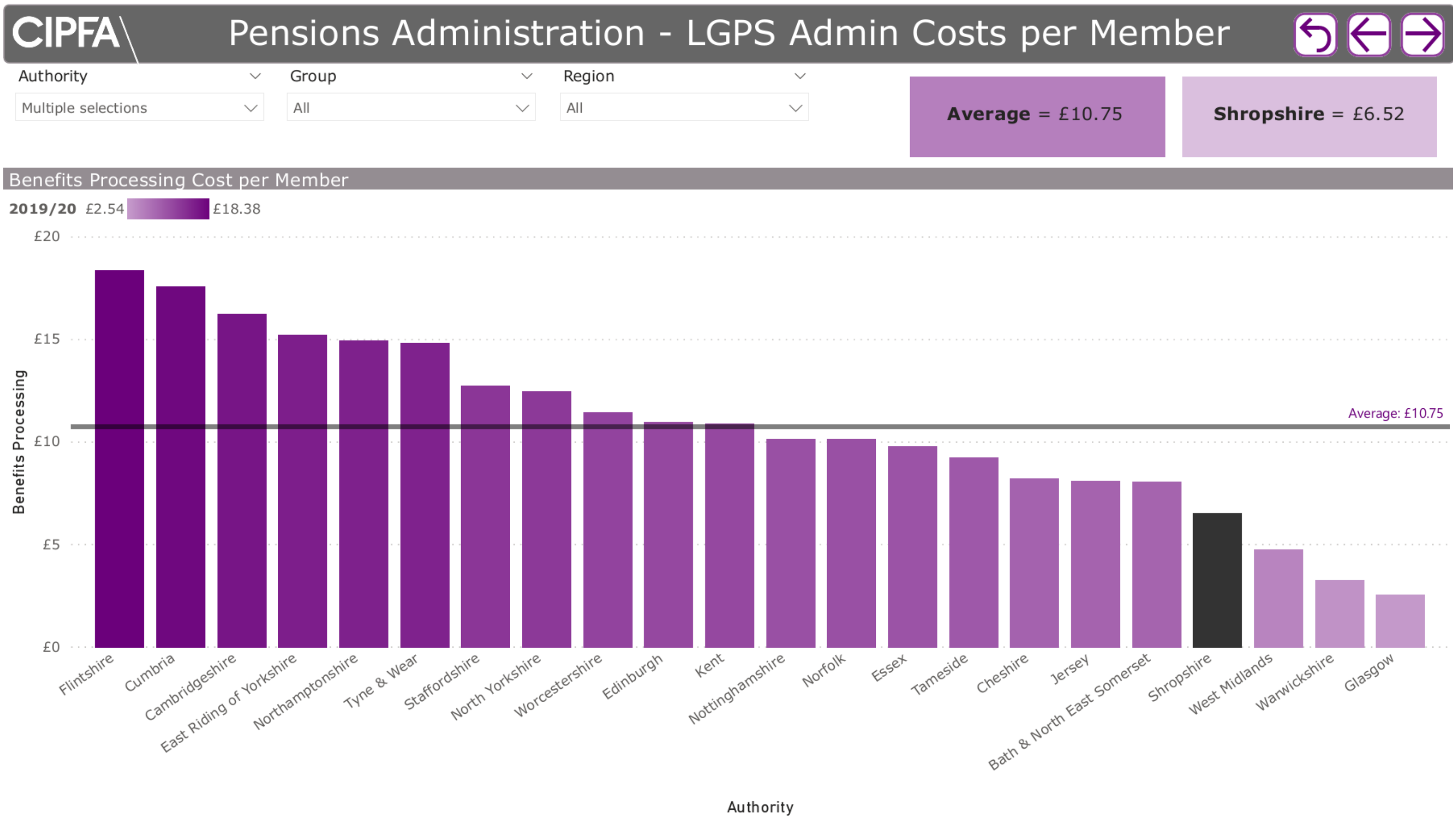


TABLE D

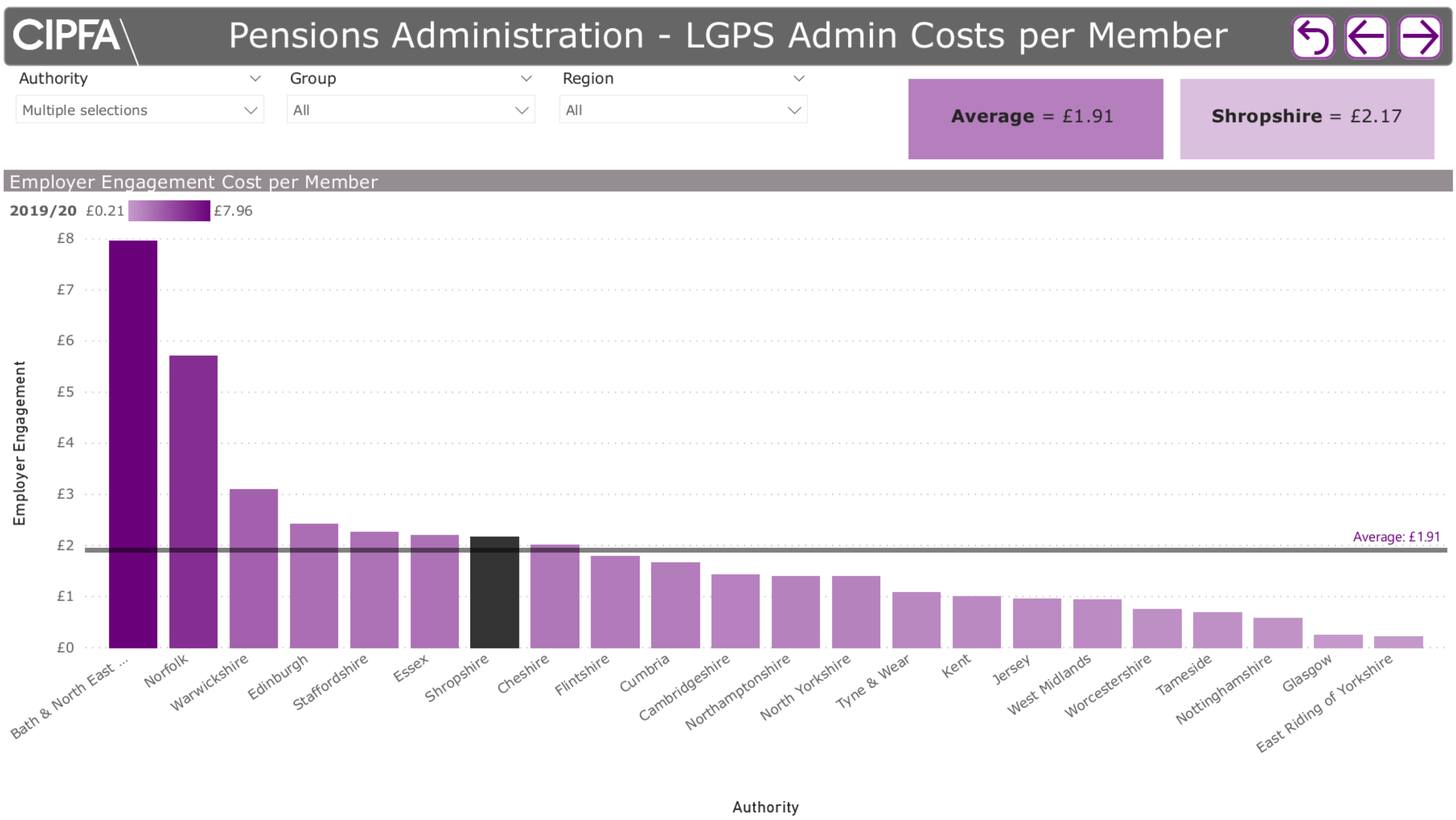
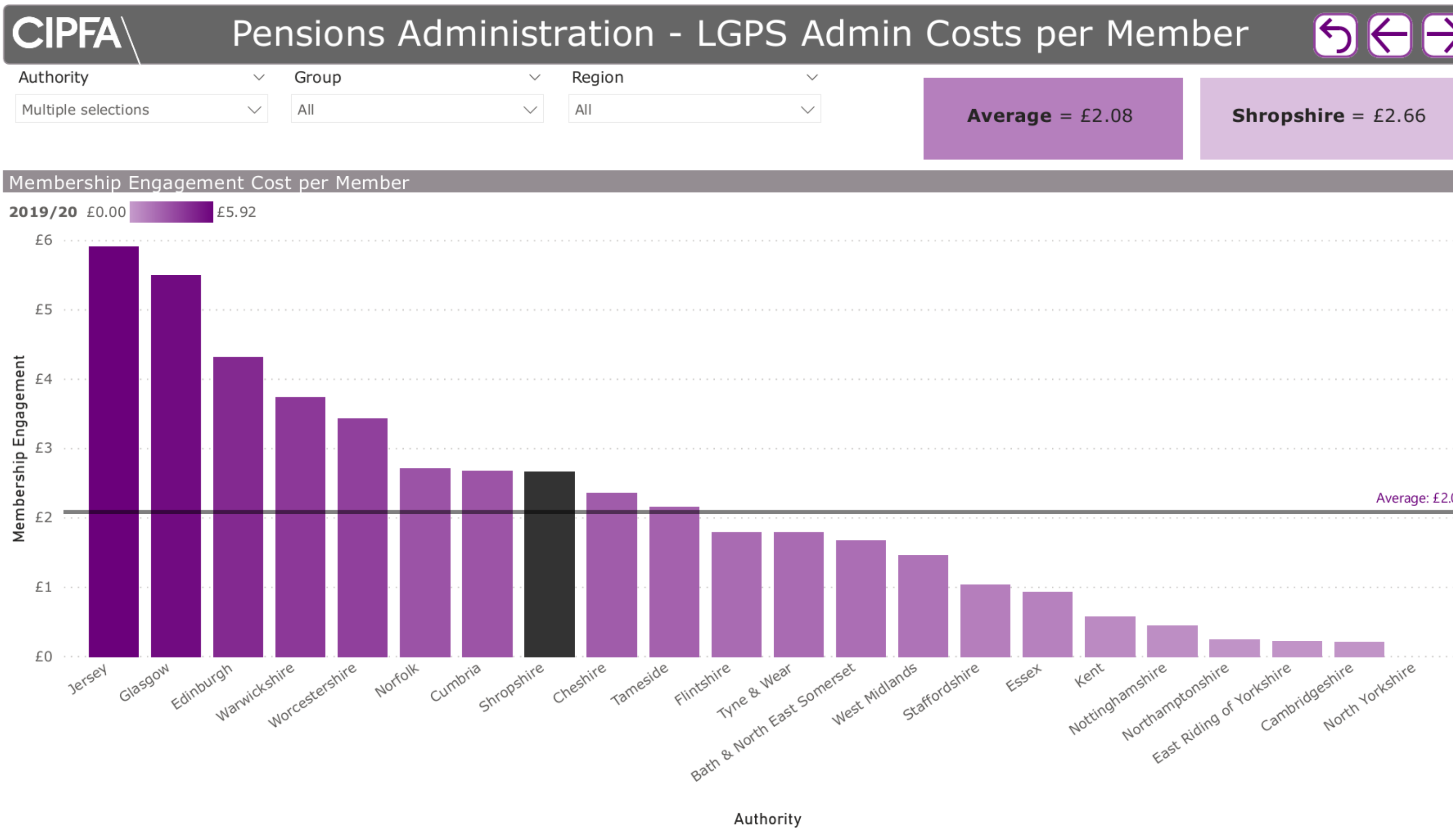


TABLE E



CIPFA
Pensions Administration - LGPS Admin Costs per Member
Authority
Multiple selections
Group
All
Region
All
Average = £2.08
Shropshire = £2.66
Membership Engagement Cost per Member
2019/20 £0.00 £5.92
Membership Engagement
£6
£5
£4
£3
£2
£1
£0
Average: £2.0
Jersey
Glasgow
Edinburgh
Warwickshire
Worcestershire
Norfolk
Cumbria
Shropshire
Cheshire
Tameside
Flintshire
Tyne & Wear
Bath & North East Somerset
West Midlands
Staffordshire
Essex
Kent
Nottinghamshire
Northamptonshire
East Riding of Yorkshire
Cambridgeshire
North Yorkshire
Authority

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Committee and Date	Item
Pensions Committee 5 March 2021 10.00am	Public

CORPORATE GOVERNANCE MONITORING

Responsible Officer Ben Driscoll
e-mail: 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 1st October 2020 to 31st December 2020.

2. Recommendations

2.1 Members are asked to accept the position as set out in the report, Manager Voting Reports at Appendix A (A1, A2 & A3) and BMO Global Asset Management Responsible Engagement Overlay Activity Report at Appendix B (B1 & B2).

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 received a Climate Risk Report from LGPS Central.

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 & global equities portfolios.

7. Manager Voting Activity

7.1 Details of managers voting activity during the quarter relating to equity portfolios are attached (Appendix A; A1, A2 & A3).

8. Responsible Engagement Activity

8.1 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 (B1 & B2) in the REO Activity report.

9. Update following the Council Motion

9.1 During the last quarter and previous quarters LGPS Central, BMO Global Asset Management and Majedie have presented to Committee as part of the extensive review currently being undertaken by the Pension Committee on Responsible Investment & Climate Change following the Council's motion in July 2020. At the meeting today, Sacha Sudan from Legal & General, who has previously presented at the Funds AGM, will update on how they engage with companies on the Fund's behalf and the difference this engagement makes. Legal & General are at the forefront of these very important issues and they will explain the importance of Investment Stewardship. The table below highlights the significant progress the Committee have made to date following the Council's motion to divest from fossil fuels, plus a timeline for future presentations and updates on when the public TCFD report recommendations will be implemented. Live streams of all the below meetings, Chair statements following the Council motion, public questions submitted and the responses provided and detailed presentations can be found on the Council's website by following the below link:

http://shropshire.gov.uk/committee-services/ieListMeetings.aspx?CommitteeId=260

Pensions Committee, 5 March 2021: Corporate Governance Monitoring

Date	Type of meeting	Agenda Item	Reports and Presentations	Key points for Cttee
24 July 2020	Pensions Cttee	Climate Stewardship Corporate Governance Monitoring	LGPS Central Climate Stewardship Report Update on manager voting & engagements activities	Training on Climate Stewardship and next steps Quarterly update on Corporate Governance Issues
18 Sept 2020	Pensions Cttee	LGPSC Climate Analysis Report Investment Strategy Review and Responsible Investment Timetable Corporate Governance Monitoring Report	Presentation from Michael Marshall, Director of Responsible Investment, LGPS Central Presentation from Aon, Investment Consultant Update on manager voting & engagements activities	SCPF carbon footprint measured and detailed climate risk analysis undertaken Responsible Investment timetable and recommendations agreed Quarterly update on Corporate Governance Issues
4 Dec 2020	Pensions Cttee	Public LGPSC TCFD Compliant Climate Report Responsible Engagement How Majedie integrate ESG into their Investment process Corporate Governance Monitoring Report	Presentation from LGPS Central Presentation from BMO Global Asset Management (Funds engagement manager) Presentation from Majedie (UK Equity Manager) Update on manager voting and engagement activities	Recommendations within report agreed. Media release agreed and scheme employers updated. Documents uploaded onto SCPF website for all Stakeholders. Pros/cons of engagement v divestment. Case studies on effectiveness. Discussions on why certain stocks highlighted in the TCFD report are held within the portfolio. Quarterly update on Corporate Governance Issues
5 March 2021	Pension Cttee	Investment Stewardship	Presentation from Legal & General (Global Equity manager)	
25 June 2021	Pension Cttee	**Begin Implementation of revised Investment Strategy once agreed**.		
17 Sept 2021	Pension Cttee	**SCPF Climate Strategy/Climate Stewardship Plan**		
03 December 2021	Pension Committee	**Review analysis, training undertaken, TCFD report recommendations**		

		implementation, Agree formal response to the Council motion.		

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Corporate Governance Monitoring report, Pensions Committee 4 December 2020
Cabinet Member N/A
Local Member N/A
Appendices A. Manager Voting Activity Reports (A1-A3). B. BMO Global Asset Management Responsible Engagement Overlay Reports (B1-B2).

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:

Anglo American: In November 2020, we engaged with Anglo American by virtual meeting and also by writing a follow up letter to the group's Chairman on the group's thermal coal holdings. We raised our concerns with Anglo that their time frame (of at least 2.5 years) for demerging from their thermal coal assets is too elongated. We asked the group to speed up the sale of its Carrejon assets (which represent the majority of their thermal coal holdings) and link the group's climate transition targets more closely to pay and LTIP. We stressed that our clients are finding it increasingly difficult to justify holding companies with exposure to thermal coal.

Anglo noted our concern but said that it will take time for the group to prepare for the demerger, especially in light of various regulatory requirements in South Africa and the UK. In spite of this, Anglo does have an objective to be carbon neutral across its operations by 2040[1], goal posted by 2030 targets of reducing its GHG emissions by 30%.

To support its climate commitment, Anglo stated that it has a 20% weighting to SHE (social, health, environmental) in its bonus objectives. Within the group's LTIP, there is also a 20% weighting for ESG factors, which include metrics for energy efficiency and GHG emissions. Anglo expects to develop these metrics further so that they will be aligned with its 2030 commitments.

BAE Systems: We engaged with BAE in September and October 2020. In September, we spoke with the group's CEO and FD to understand better how Covid had impacted the group's growth trajectory. BAE has a strong order backlog and retains a positive sales mix. The group expects defence budgets to remain intact, regardless of increased fiscal pressures, especially as global threat levels continue to be high.

BAE has realised huge efficiency savings from procurement and manufacturing. And the ability to work from home makes attracting talent easier, as well. During the pandemic, BAE has seen some stress in its suppliers (auto and civil, in particular) but is monitoring these carefully. It will continue to grow high tech jobs.

In October, we engaged with BAE's Chairman who reiterated that the group's order book remains strong. We asked about any potential lapses in health and safety, given the pandemic but BAE assured us that these issues remain among the highest priority. The Chairman spoke about the importance of the development of data and AI and that this is a main focus for the strategy of the group.

Essentra: We spoke with Essentra in September on the group's positioning against a backdrop of Covid. Essentra stated they were continuing to generate cash and that their filters business and packaging for pharmaceuticals have been robust. In terms of components, the group continues to see a steady month -on-month recovery of volumes, with Asia most recovered and Europe and US

[1] https://www.angloamerican.com/sustainability/environment/climate-change [2] Company call with CEO

further behind. The largest category exposure was down 50% in Q2 but has recovered to 'mid-teens' growth in Q4 as production activity rebounded[2].

In terms of the group's packaging products (boxes and labelling) to serve health and pharmaceutical customers, Essentra continues to see some reduction in demand due to the reduced volumes of elective procedures and drug prescriptions during the pandemic.

In terms of filters, Essentra continues to work on non-plastic, biodegradable options for which there is demand in China and Europe. The first three biodegradable products have launched and Essentra expects commercial opportunities to develop in 2021. Essentra needs to ensure that the consumer experience is not impacted with any newly designed materials.

Looking ahead, Essentra will pursue a transformational agenda with all three of its business areas. The group is reviewing its M&A opportunities, its strategy, and the most efficient positions across its business areas to ensure that all have structural growth potential. Essentra also plans to add ESG factors to its LTIP weightings to reflect its mindfulness of sustainability. It will do more work on its internal supply chain and on its sourcing of raw materials.

A.P. Moller-Maersk: In December, we spoke with Maersk, the Danish integrated shipping company, to find out more about the group's plans to reduce its carbon emissions. Maersk reported that because 97% of its Scope 1 emissions comes from shipping, the group has Identified a pathway to carbon neutrality for its ships. Part of this pathway to carbon neutrality will come from identifying which fuel to use (it is likely to be either methanol or ammonia); the next step will be to spend two decades replacing its ships with more fuel-efficient versions. Maersk, along with five other groups, established an independent research institute in Copenhagen to research ways of reducing carbon emissions across the shipping industry. Maersk has integrated its sustainability programme into its business by making its business unit heads responsible for ensuring that sustainability targets are met. The group feels that this approach is better as its business units are solution oriented.

We also asked about Maersk's new start up, TradeLens, which automates customs paperwork, making it simpler for people to ship products and easier for shippers to manage the administration behind shipping. Maersk believes that there is considerable opportunity for this venture to grow and eventually become a company in its own right.

Rio Tinto: In September, we engaged with Rio on a number of issues. First, we asked about the group's concentration risk with iron ore and its strategy with regard to diversification. Rio reported its iron ore concentration is due largely to the current market price for iron ore. Rio aims to have a diverse enough portfolio (including iron ore, aluminium, copper, lithium, nickel and potash) to deliver what the market wants in 20 years' time. It sees diversification as difficult to achieve quickly. Attempts in the past to achieve this though acquisition have destroyed shareholder value, so the group is focusing on measured and organic projects.

Secondly, in terms of the group's carbon emissions from iron ore, we asked what steps Rio is taking to reduce these. Rio stated that it expects continued demand from iron ore, as steel consumption growth is between 1-2% per annum[2]. As such, it is looking at hydrogen and carbon capture and storage (CCS) as possible options for reducing its emissions.

Thirdly, we asked Rio about the prospect for steel in a world that is shunning the environmental impacts of mining and heating iron ore to make steel. Rio feels that it is hard to predict the impact of the market's environmental concerns on the steel industry. There is some concern that the world can't continue to urbanise by using only scrap (or recycled) steel. Rio reported that the industry is looking at new technologies but none are yet cost effective or energy efficient enough to provide a solution.

Lastly, we asked Rio about the follow up from the Parliamentary inquiry on Juukan Gorge where Rio destroyed a 46,000 year old Aboriginal site in May this year. The inquiry found that new information came to light in 2014 and that Rio didn't act on it when planning their blast zones. Rio also thought the artefacts had been removed from the site, so it delisted the heritage site from its database as a protected area. This event was a failure in Rio's systems and its group culture. To resolve the issue, Rio planned in September/October to take 30 days to elevate heritage sites to the level of health and safety (the highest level) on its databases and monitoring systems. It also planned to respond to the Parliamentary inquiry.

Royal Dutch Shell: In November, we spoke with Shell's new Remuneration Committee Chair about the link between remuneration and the group's strategy and environmental goals. Shell began by saying that, due to the volatility of the market in 2020 and the effects of the pandemic on oil prices,

[2] https://news.metal.com/newscontent/100077026/rio-tinto-iron-ore-and-steel-demand-to-see-modest-growth-until-2030

it would not pay bonuses to employees or executives for 2020, nor would it adjust salaries in 2021 for the majority of the group.

Shell then spoke about linking its carbon transition efforts to pay. The group's goal is to reduce the carbon intensity of its products as well as reduce its total carbon emissions that come from its operations, from a baseline of 2016.
To do this, Shell will need to offset the carbon emissions of all the products that it sells.

In 2017, Shell began linking pay to energy transition in its LTIP. In 2019, the group increased its weighting for energy transition to 10% (in addition to its 10% weighting for safety) and some of its competitors began to follow suit. Each LTIP plan encompasses 3 years of the group's energy transition. Along the way, Shell needs to grow its business and provide more biofuels so customers can decarbonise (it is currently a leader in biofuels). It also needs to find way of sequestering carbon and storing it to get it out of the atmosphere, which means making some difficult, long term capital expenditure decisions.

Importantly, Shell feels that it is critical to have a genuine pathway in place to meet its ultimate goal of net zero carbon emissions. It also believes it is important to establish the correct short-term targets to ensure it is on the right path to net zero and is focused on doing so.

Tesco: In October, we met with Tesco's CFO to discuss the group's online economics, supplier relationships, and its impressive improvements in its Clubcard loyalty programme over recent months. In terms of Tesco's online business, the economics improved over the six months to October this year. Tesco's online delivery slots couldn't keep up with demand (slots grew from 600K to 1.5 million per week) and now the group no longer sees significant margin dilution from online vs in-store. Tesco plans to build new urban fulfilment centres over the next three years which should help online economics further. The group has reduced the number of ways that it works with its suppliers to streamline the process. It encouraged suppliers during the early months of Covid to rethink how they put products on promotion so that price reductions could last longer. This approach has worked well with customers and suppliers alike—the supplier viewpoint score for Tesco is not only favourable, it's at an all-time high[3].

Tesco has also made improvements in its customer loyalty Clubcard scheme. Around 1.1 million customers shopped more loyally with Tesco between April and August, which is a quantum shift in the grocery business. Covid helped push customers towards larger shopping baskets and also to purchasing online. The group is getting good response from customer on its Clubcard pricing and plans to reinforce loyalty, going forward, with other initiatives.

[3] https://www.tescoplc.com/news/2020/interim-results-202021/

VOTING RECORD SUMMARY

Please see below a breakdown of the meetings and resolutions which pertain to your portfolio. Majedie's Proxy Voting Principles document can be found on the Responsible Capitalism section of our website.

SUMMARY	VOTES	PERCENT
Number of meetings voted at this period	30	
Number of resolutions	310	
Where we voted in line with Management	301	97.1
Where we have not voted in line with Management	9	2.9

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	1	0
Non-Salary Comp.	2	0
Preferred/Bondholder	0	0
Reorg. and Mergers	1	0
Routine/Business	5	0
Social Proposal	0	0
Total	9	0

Sources: Majedie, ISS (Institutional Shareholder Services)

VOTING RECORD DETAILS

SECURITY NAME	MEETING DATE	MEETING TYPE	MAJEDIE VOTE
ASSOCIATED BRITISH FOODS	04 Dec 2020	AGM	Against Resolution 13
AVEVA GROUP	24 Nov 2020	EGM	Voted for all
BELLWAY	11 Dec 2020	AGM	Voted for all
BHP GROUP	15 Oct 2020	AGM	Against Resolutions 23, 24, 25
CASH FUNDS	23 Oct 2020	AGM	Voted for all
CVS GROUP	26 Nov 2020	AGM	Voted for all
DFS FURNITURE	13 Nov 2020	AGM	Against Resolution 2
DUNELM	17 Nov 2020	AGM	Voted for all
GRESHAM COMPUTING	30 Dec 2020	EGM	Voted for all
HARGREAVES LANSDOWN	08 Oct 2020	AGM	Voted for all
HAYS	11 Nov 2020	AGM	Against Resolution 14
HOTEL CHOCOLAT	27 Nov 2020	AGM	Voted for all
IDEAGEN	28 Oct 2020	AGM	Voted for all
MARLOWE HOLDINGS	11 Dec 2020	EGM	Voted for all
MEARS GROUP	25 Nov 2020	EGM	Voted for all
MJ GLEESON	03 Dec 2020	AGM	Against Resolutions 5, 10
NORSEMAN GOLD	30 Dec 2020	AGM	Voted for all
PZ CUSSONS	26 Nov 2020	AGM	Against Resolution 17
RWS HOLDINGS	09 Oct 2020	EGM	Against Resolution 1
RYANAIR	17 Dec 2020	EGM	Voted for all
SAGA	02 Oct 2020	EGM	Voted for all
SHAFTESBURY	17 Nov 2020	EGM	Voted for all
SOFTCAT PLC	10 Dec 2020	AGM	Against Resolution 13
STV GROUP	03 Dec 2020	EGM	Voted for all
TUNGSTEN	16 Oct 2020	AGM	Voted for all
UNILEVER	12 Oct 2020	Court	Voted for all
UNILEVER	12 Oct 2020	EGM	Voted for all
VOLUTION	11 Dec 2020	AGM	Against Resolution 13
WEIR GROUP	23 Nov 2020	EGM	Voted for all
YOUGOV	10 Dec 2020	AGM	Voted for all

Source: Majedie

LGPS Central Limited

Federated Hermes EOS

Engagement Report, Q4 2020

LGPS Central - ACS

EOS at Federated Hermes

Engagement by region

Over the last quarter we engaged with **363** companies held in the LGPS Central - ACS portfolios on a range of **1,048** environmental, social and governance issues and objectives.

Global

We engaged with **363** companies over the last quarter.

- Environmental **30.2%**
- Social and Ethical **22.0%**
- Governance **28.9%**
- Strategy, Risk and Communication **18.8%**

Australia & New Zealand

We engaged with **30** companies over the last quarter.

- Environmental **13.0%**
- Social and Ethical **10.9%**
- Governance **69.6%**
- Strategy, Risk and Communication **6.5%**

Developed Asia

We engaged with **53** companies over the last quarter.

- Environmental **34.6%**
- Social and Ethical **25.7%**
- Governance **25.0%**
- Strategy, Risk and Communication **14.7%**

Emerging & Developing Markets

We engaged with **21** companies over the last quarter.

- Environmental **34.0%**
- Social and Ethical **15.1%**
- Governance **20.8%**
- Strategy, Risk and Communication **30.2%**

Europe

We engaged with **91** companies over the last quarter.

- Environmental **38.1%**
- Social and Ethical **21.7%**
- Governance **21.7%**
- Strategy, Risk and Communication **18.5%**

North America

We engaged with **126** companies over the last quarter.

- Environmental **25.3%**
- Social and Ethical **20.5%**
- Governance **34.3%**
- Strategy, Risk and Communication **19.9%**

United Kingdom

We engaged with **42** companies over the last quarter.

- Environmental **28.7%**
- Social and Ethical **30.1%**
- Governance **21.3%**
- Strategy, Risk and Communication **19.9%**

Engagement by theme

Over the last quarter we engaged with 363 companies held in the LGPS Central - ACS portfolios on a range of 1,048 environmental, social and governance issues and objectives.

Environmental

Environmental topics featured in 30.2% of our engagements over the last quarter.

- Climate Change 80.1%
- Forestry and Land Use 3.5%
- Pollution and Waste Management 9.8%
- Supply Chain Management 3.2%
- Water 3.5%

Social and Ethical

Social and Ethical topics featured in 22.0% of our engagements over the last quarter.

- Bribery and Corruption 4.3%
- Conduct and Culture 19.0%
- Diversity 22.9%
- Human Capital Management 15.6%
- Human Rights 31.6%
- Labour Rights 5.6%
- Tax 0.9%

Governance

Governance topics featured in 28.9% of our engagements over the last quarter.

- Board Diversity, Skills and Experience 21.8%
- Board Independence 12.2%
- Executive Remuneration 46.9%
- Shareholder Protection and Rights 14.5%
- 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 3.6%
- Business Strategy 38.6%
- Cyber Security 4.6%
- Integrated Reporting and Other Disclosure 22.8%
- Risk Management 30.5%

LGPS Central - ACS

EOS at Federated Hermes

Over the last quarter we made voting recommendations at **348** meetings (**2,552** resolutions). At **162** meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at **seven** meetings and abstaining at **one** meeting. We supported management on all resolutions at the remaining **178** meetings.

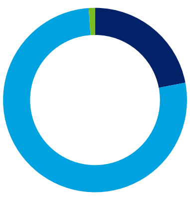
Global

We made voting recommendations at **348** meetings (**2,552** resolutions) over the last quarter.

- Total meetings in favour **51.1%**
- Meetings against (or against AND abstain) **46.6%**
- Meetings abstained **0.3%**
- Meetings with management by exception **2.0%**

Australia and New Zealand

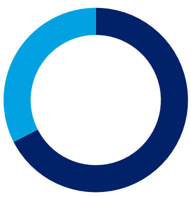
We made voting recommendations at **91** meetings (**551** resolutions) over the last quarter.



- Total meetings in favour **22.0%**
- Meetings against (or against AND abstain) **76.9%**
- Meetings with management by exception **1.1%**

Developed Asia

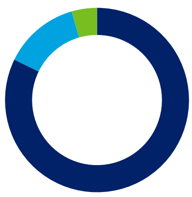
We made voting recommendations at **40** meetings (**233** resolutions) over the last quarter.



- Total meetings in favour **67.5%**
- Meetings against (or against AND abstain) **32.5%**

Emerging and Frontier Markets

We made voting recommendations at **45** meetings (**221** resolutions) over the last quarter.



- Total meetings in favour **82.2%**
- Meetings against (or against AND abstain) **13.3%**
- Meetings with management by exception **4.4%**

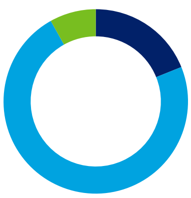
Europe

We made voting recommendations at **73** meetings (**505** resolutions) over the last quarter.

- Total meetings in favour **61.6%**
- Meetings against (or against AND abstain) **37.0%**
- Meetings abstained **1.4%**

North America

We made voting recommendations at **37** meetings (**380** resolutions) over the last quarter.



- Total meetings in favour **18.9%**
- Meetings against (or against AND abstain) **73.0%**
- Meetings with management by exception **8.1%**

United Kingdom

We made voting recommendations at **62** meetings (**662** resolutions) over the last quarter.

- Total meetings in favour **67.7%**
- Meetings against (or against AND abstain) **30.6%**
- Meetings with management by exception **1.6%**

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

Global

We recommended voting against or abstaining on 365 resolutions over the last quarter.

- Board structure 27.7%
- Remuneration 45.8%
- Shareholder resolution 9.0%
- Capital structure and dividends 8.2%
- Amend articles 5.5%
- Audit and accounts 1.9%
- Other 1.9%

Australia and New Zealand

We recommended voting against or abstaining on 146 resolutions over the last quarter.

- Board structure 13.7%
- Remuneration 67.1%
- Shareholder resolution 6.2%
- Capital structure and dividends 5.5%
- Amend articles 7.5%

Developed Asia

We recommended voting against or abstaining on 33 resolutions over the last quarter.

- Board structure 63.6%
- Remuneration 6.1%
- Capital structure and dividends 18.2%
- Audit and accounts 12.1%

Emerging and Frontier Markets

We recommended voting against or abstaining on 26 resolutions over the last quarter.

- Board structure 69.2%
- Remuneration 7.7%
- Capital structure and dividends 7.7%
- Amend articles 7.7%
- Audit and accounts 3.8%
- Other 3.8%

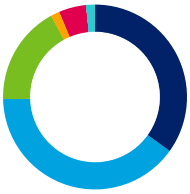
Europe

We recommended voting against or abstaining on 61 resolutions over the last quarter.

- Board structure 21.3%
- Remuneration 24.6%
- Shareholder resolution 16.4%
- Capital structure and dividends 19.7%
- Amend articles 6.6%
- Audit and accounts 3.3%
- Other 8.2%

North America

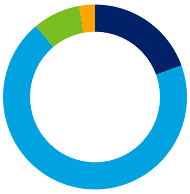
We recommended voting against or abstaining on 63 resolutions over the last quarter.



- Board structure 34.9%
- Remuneration 39.7%
- Shareholder resolution 17.5%
- Capital structure and dividends 1.6%
- Amend articles 4.8%
- Other 1.6%

United Kingdom

We recommended voting against or abstaining on 36 resolutions over the last quarter.



- Board structure 19.4%
- Remuneration 69.4%
- Shareholder resolution 8.3%
- Capital structure and dividends 2.8%

LGPS Central Limited

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
28/10/2020	Sino Land Co. Ltd.	Annual	Against	3.1 5.2,5.3 3.3 3.2	Concerns related to approach to board diversity Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board Overboarded/Too many other time commitmentsLack of independence on boardConcerns related to inappropriate membership of committees
05/11/2020	Sun Hung Kai Properties Limited	Annual	Against	3.1b 6 7	Concerns related to approach to board diversity Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
20/11/2020	CNOOC Limited	Special	All For		
26/11/2020	New World Development Co. Ltd.	Annual	Against	7 6 3a	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Overboarded/Too many other time commitments
22/10/2020	FamilyMart Co., Ltd.	Special	All For		
23/10/2020	Japan Retail Fund Investment Corp.	Special	All For		
19/11/2020	Bic Camera, Inc.	Annual	Against	3.8,3.10,4.2,4.3	Concerns about overall board structure
25/11/2020	Mani, Inc.	Annual	All For		
26/11/2020	FAST RETAILING CO., LTD.	Annual	Against	2.1,2.2,2.3,2.4,2.6,3.3	Concerns about overall board structure
27/11/2020	Ryohin Keikaku Co., Ltd.	Annual	All For		
04/12/2020	Noevir Holdings Co., Ltd.	Annual	All For		
10/12/2020	Japan Real Estate Investment Corp.	Special	Against	5.1	Concerns about overall board structure
11/12/2020	CyberAgent, Inc.	Annual	Against	2.1,2.4	Concerns about overall board structure
15/12/2020	LINE Corp.	Special	All For		
18/12/2020	Hamamatsu Photonics KK	Annual	Against	3.3,3.4	Concerns about overall board structure
20/12/2020	GMO Payment Gateway, Inc.	Annual	Against	2.9,2.10	Concerns about overall board structure
21/12/2020	Sawai Pharmaceutical Co., Ltd.	Special	All For		
22/12/2020	Invincible Investment Corp.	Special	All For		
23/12/2020	Open House Co., Ltd.	Annual	All For		
24/12/2020	Sushiro Global Holdings Ltd.	Annual	All For		
28/10/2020	Wing Tai Holdings Limited	Annual	Against	10 9	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders
23/11/2020	Mapletree Logistics Trust	Special	All For		
27/11/2020	Singapore Press Holdings Ltd.	Annual	Against	3i	Concerns related to inappropriate membership of committees
04/12/2020	Suntec Real Estate Investment Trust	Special	All For		
08/10/2020	Lotte Corp.	Special	All For		
12/10/2020	SSANGYONG CEMENT INDUSTRIAL Co., Ltd.	Special	All For		
13/10/2020	Korea Gas Corp.	Special	Against	2	Concerns related to attendance at board or committee meetings
30/10/2020	KCC Corp.	Special	All For		
30/10/2020	LG Chem Ltd.	Special	All For		
30/10/2020	LG Chem Ltd.	Special	All For		
09/11/2020	Korea Electric Power Corp.	Special	Against	2	Concerns related to inappropriate membership of committees
12/11/2020	Kangwon Land, Inc.	Special	All For		
20/11/2020	KB Financial Group, Inc.	Special	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
20/11/2020	Solus Advanced Materials Co., Ltd.	Special	All For		
26/11/2020	SK Telecom Co., Ltd.	Special	All For		
04/12/2020	Daelim Industrial Co., Ltd.	Special	All For		
09/12/2020	NH Investment & Securities Co., Ltd.	Special	All For		
30/12/2020	Daewoo Engineering & Construction Co. Ltd.	Special	All For		
30/12/2020	SSANGYONG CEMENT INDUSTRIAL Co., Ltd.	Special	All For		
05/10/2020	Catcher Technology Co., Ltd.	Special	All For		
06/10/2020	Saracen Mineral Holdings Limited	Annual	Against	5,6 4	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance
07/10/2020	AGL Energy Limited	Annual	All For		
07/10/2020	AGL Energy Limited	Annual	Against	7b	Fund manager or client vote
08/10/2020	Brambles Limited	Annual	Against	2	Apparent failure to link pay & appropriate performance
08/10/2020	Transurban Group Ltd.	Annual	Against	4	Apparent failure to link pay and appropriate performance
13/10/2020	Commonwealth Bank of Australia	Annual	Against	3	Apparent failure to link pay & appropriate performance
13/10/2020	Telstra Corporation Limited	Annual	All For		
14/10/2020	Aurizon Holdings Ltd.	Annual	Against	5	Apparent failure to link pay and appropriate performance
14/10/2020	BHP Group Limited	Annual	Against	7,8 24,25 23	Apparent failure to link pay & appropriate performance 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 enhanced shareholder rights
14/10/2020	Cleanaway Waste Management Ltd.	Annual	Against	2	Apparent failure to link pay and appropriate performance
14/10/2020	CSL Limited	Annual	Against	3,4	Apparent failure to link pay and appropriate performance
15/10/2020	Perpetual Limited	Annual	Against	1,4	Apparent failure to link pay and appropriate performance
16/10/2020	Iluka Resources Limited	Special	All For		
20/10/2020	Cochlear Limited	Annual	All For		
20/10/2020	IDP Education Ltd.	Annual	Against	3 2a,2b	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversity
20/10/2020	Origin Energy Limited	Annual	Against	3	Apparent failure to link pay & appropriate performance
20/10/2020	Stockland	Annual/Special	All For		
20/10/2020	Tabcorp Holdings Limited	Annual	Against	3,4	Apparent failure to link pay and appropriate performance
21/10/2020	Orora Ltd.	Annual	Against	4 5	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights
22/10/2020	APA Group	Annual	Against	1 7 6	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights Concerns about reducing shareholder rights
22/10/2020	Crown Resorts Limited	Annual	Against	4	Apparent failure to link pay and appropriate performance
22/10/2020	Magellan Financial Group Ltd.	Annual	Against	3a,3b	Concerns related to approach to board diversity
22/10/2020	Suncorp Group Limited	Annual	Against	1	Apparent failure to link pay & appropriate performance
22/10/2020	The Star Entertainment Group Limited	Annual	Against	5 4 7	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance Concerns to protect shareholder value
22/10/2020	Whitehaven Coal Limited	Annual	Against	2 1 6	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
23/10/2020	Dexus	Annual	All For		
23/10/2020	Insurance Australia Group Ltd.	Annual	Against	9	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
23/10/2020	Qantas Airways Limited	Annual	Against	3,4 5	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders
23/10/2020	Worley Limited	Annual	Against	3	Apparent failure to link pay & appropriate performance
27/10/2020	Bendigo and Adelaide Bank Limited	Annual	Against	9	Concerns to protect shareholder value
27/10/2020	Boral Limited	Annual	Against	3 2.5	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
27/10/2020	Corporate Travel Management Limited	Annual	Against	1,3,4a,4b	Apparent failure to link pay and appropriate performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/10/2020	Vocus Group Ltd.	Annual	Against	2 3	Apparent failure to link pay and appropriate performance Lack of independence on boardConcerns related to approach to board diversity
29/10/2020	Challenger Limited	Annual	Against	3,4 7 5,6	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights Concerns to protect shareholder value
29/10/2020	JB Hi-Fi Limited	Annual	Against	4 3	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance
29/10/2020	South32 Ltd.	Annual	Against	5 4	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance
30/10/2020	Carsales.Com Limited	Annual	All For		
04/11/2020	Domino's Pizza Enterprises Limited	Annual	Against	6 3	Concerns related to shareholder rights Lack of independence on boardConcerns related to inappropriate membership of committees
05/11/2020	Ansell Limited	Annual	Against	5 2c	Apparent failure to link pay & appropriate performance Concerns related to inappropriate membership of committees
05/11/2020	Coles Group Ltd.	Annual	Against	3	Apparent failure to link pay & appropriate performance
05/11/2020	Downer EDI Limited	Annual	All For		
05/11/2020	Flight Centre Travel Group Limited	Annual	Against	3	Concerns to protect shareholder value
05/11/2020	NIB Holdings Ltd.	Annual	All For		
05/11/2020	Treasury Wine Estates Limited	Annual	Against	3	Apparent failure to link pay and appropriate performance
10/11/2020	Domain Holdings Australia Ltd.	Annual	Against	1,4	Apparent failure to link pay and appropriate performance
10/11/2020	Sims Limited	Annual	Against	3 4	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance
11/11/2020	Computershare Limited	Annual	Against	4,5a	Apparent failure to link pay and appropriate performance
11/11/2020	Fortescue Metals Group Ltd.	Annual	Against	6	Apparent failure to link pay & appropriate performance
11/11/2020	Newcrest Mining Ltd.	Annual	All For		
12/11/2020	Charter Hall Group	Annual	All For		
12/11/2020	Medibank Private Ltd.	Annual	Against	5	Apparent failure to link pay and appropriate performance
12/11/2020	Sonic Healthcare Limited	Annual	All For		
12/11/2020	Vicinity Centres	Annual	Against	4 2 3a	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance 2- Lack of independence on board
12/11/2020	Wesfarmers Limited	Annual	Against	4 3,5	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance
12/11/2020	Woolworths Group Ltd.	Annual	All For		
13/11/2020	NextDC Ltd.	Annual	Against	1,6 5	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
17/11/2020	Afterpay Limited	Annual	Against	4	Concerns to protect shareholder value
17/11/2020	REA Group Ltd.	Annual	Against	2,4a,4b 3	Apparent failure to link pay and appropriate performance Lack of independence on board
18/11/2020	Seven Group Holdings Limited	Annual	Against	6 5 4	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees
19/11/2020	Altium Limited	Annual	Against	2	Apparent failure to link pay & appropriate performance
19/11/2020	Bluescope Steel Limited	Annual	Against	2	Apparent failure to link pay & appropriate performance
19/11/2020	Goodman Group	Annual	Against	6,7 5	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance
19/11/2020	Mineral Resources Limited	Annual	All For		
19/11/2020	Mirvac Group	Annual	Against	4 5	Apparent failure to link pay & appropriate performance Concerns to protect shareholder value
19/11/2020	Seek Limited	Annual	Against	5,6 2 3b	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
20/11/2020	Lendlease Group	Annual	Against	3,4 2b,2c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/11/2020	Platinum Asset Management Ltd.	Annual	Against	4	Apparent failure to link pay & appropriate performance
24/11/2020	Ramsay Health Care Limited	Annual	Against	2	Apparent failure to link pay & appropriate performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
25/11/2020	Beach Energy Limited	Annual	Against	1,5 6b	Apparent failure to link pay and appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
25/11/2020	Harvey Norman Holdings Ltd.	Annual	Against	6 4	Concerns to protect shareholder value Lack of independence on board
25/11/2020	IOOF Holdings Ltd.	Annual	Against	3,4	Apparent failure to link pay and appropriate performance
25/11/2020	Northern Star Resources Ltd.	Annual	Against	2	Apparent failure to link pay & appropriate performance
25/11/2020	Shopping Centres Australasia Property Group RE Lt	Annual	Against	6 5	Concerns related to shareholder rights Concerns to protect shareholder value
26/11/2020	Evolution Mining Limited	Annual	Against	2 11 7	Apparent failure to link pay & appropriate performance Concerns to protect shareholder value 2- Overboarded/Too many other time commitments
26/11/2020	Qube Holdings Ltd.	Annual	Against	3,5 6	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights
26/11/2020	Wisetech Global Ltd.	Annual	Against	5	Apparent failure to link pay and appropriate performance
08/12/2020	Bank of Queensland Ltd.	Annual	Against	5	Apparent failure to link pay & appropriate performance
09/12/2020	Washington H. Soul Pattinson and Company Limitec	Annual	Against	2 3c	Apparent failure to link pay & appropriate performance Inadequate management of climate-related risks
11/12/2020	Westpac Banking Corp.	Annual	Against	2,3 4a	Apparent failure to link pay and appropriate performance Concerns regarding Auditor tenure
16/12/2020	Australia & New Zealand Banking Group Ltd.	Annual	Against	4 3 6	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
18/12/2020	Incitec Pivot Limited	Annual	Against	3	Apparent failure to link pay and appropriate performance
18/12/2020	National Australia Bank Limited	Annual	Against	3,4 6b	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
18/12/2020	Nufarm Limited	Annual	Against	2 2 4	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights
22/12/2020	Orica Ltd.	Annual	All For		
01/10/2020	Meridian Energy Limited	Annual	All For		
16/10/2020	SKYCITY Entertainment Group Limited	Annual	Against	5 1	Concerns regarding Auditor tenure Overboarded/Too many other time commitments
22/10/2020	Auckland International Airport Ltd.	Annual	All For		
06/11/2020	Spark New Zealand Ltd.	Annual	All For		
11/11/2020	Contact Energy Limited	Annual	All For		
18/11/2020	The a2 Milk Company Limited	Annual	All For		
25/11/2020	Fletcher Building Ltd.	Annual	All For		
16/10/2020	Credicorp Ltd.	Special	All For		
25/11/2020	NWS Holdings Limited	Annual	Against	5,7 3a	Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitmentsConcerns related to approach to board diversity
26/11/2020	Yue Yuen Industrial (Holdings) Ltd.	Special	All For		
09/12/2020	Haier Electronics Group Co., Ltd.	Court	All For		
09/12/2020	Haier Electronics Group Co., Ltd.	Special	All For		
01/10/2020	Telefonica Brasil SA	Special	All For		
01/10/2020	Telefonica Brasil SA	Special	All For		
28/12/2020	Suzano SA	Special	All For		
18/12/2020	CK Hutchison Holdings Ltd.	Special	All For		
22/12/2020	Geely Automobile Holdings Limited	Special	All For		
18/12/2020	Enel Americas SA	Special	All For		
12/10/2020	Shanghai International Airport Co., Ltd.	Special	All For		
16/10/2020	Midea Group Co. Ltd.	Special	All For		
20/10/2020	Hangzhou Tigermed Consulting Co., Ltd.	Special	All For		
20/10/2020	Hangzhou Tigermed Consulting Co., Ltd.	Special	Against	4,5	Concerns related to shareholder rights
02/11/2020	Gree Electric Appliances, Inc. of Zhuhai	Special	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
12/11/2020	China Construction Bank Corporation	Special	All For		
12/11/2020	Zhejiang Supor Co., Ltd.	Special	All For		
13/11/2020	Weichai Power Co., Ltd.	Special	All For		
26/11/2020	Hangzhou Tigermed Consulting Co., Ltd.	Special	All For		
26/11/2020	Hangzhou Tigermed Consulting Co., Ltd.	Special	All For		
26/11/2020	Industrial and Commercial Bank of China Limited	Special	All For		
18/12/2020	Sinopharm Group Co., Ltd.	Special	All For		
29/12/2020	PICC Property & Casualty Co., Ltd.	Special	All For		
16/11/2020	Wipro Limited	Special	All For		
18/11/2020	Tata Consultancy Services Limited	Special	All For		
01/12/2020	HDFC Bank Limited	Special	All For		
09/12/2020	Axis Bank Limited	Special	All For		
24/12/2020	Nestle India Ltd.	Special	All For		
21/10/2020	PT Bank Mandiri (Persero) Tbk	Special	Against	1	Insufficient/poor disclosure
25/11/2020	PT Unilever Indonesia Tbk	Special	All For		
09/11/2020	Wix.com Ltd.	Annual	All For		
12/11/2020	Sime Darby Bhd.	Annual	All For		
18/11/2020	Dialog Group Bhd.	Annual	All For		
19/10/2020	Grupo Bimbo SAB de CV	Special	All For		
04/12/2020	Guaranty Trust Bank Plc	Court	All For		
26/11/2020	KGHM Polska Miedz SA	Special	All For		
03/12/2020	Oil Co. LUKOIL PJSC	Special	All For		
03/12/2020	Oil Co. LUKOIL PJSC	Special	All For		
10/12/2020	MMC Norilsk Nickel PJSC	Special	All For		
09/11/2020	Al Rajhi Bank	Special	Abstain Against	1.1,1.2,1.3,1.4,1.5,1.6,1.7,1.8,1.9,1.10,1.11,1.12,1.13,1.14,1.15,1.16 2	Insufficient/poor disclosure Insufficient/poor disclosure
29/12/2020	Yanbu National Petrochemical Co.	Special	All For		
26/11/2020	Discovery Ltd.	Annual	All For		
02/10/2020	Petkim Petrokimya Holding AS	Annual	Against	8,11	Insufficient/poor disclosure
21/10/2020	TURKCELL Iletisim Hizmetleri AS	Annual	Against	10	Insufficient/poor disclosure
20/10/2020	Raiffeisen Bank International AG	Annual	Against	12 11 10 6.1,6.2,6.3,6.4	Concerns related to shareholder value Issue of capital raises concerns about excessive dilution of existing shareholders Issue of capital raises concerns about excessive dilution of existing shareholders Lack of independence on board
10/11/2020	Erste Group Bank AG	Annual	Against	7 8 6.2	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights Lack of independence on board 2- Lack of independent representation at board committees
08/10/2020	Colruyt SA	Special	Against	iii.1,iii.2	Poison pill/anti-takeover measure not in investors interests
22/10/2020	ageas SA/NV	Special	All For		
09/11/2020	Ackermans & van Haaren NV	Special	Against	2,3	Poison pill/anti-takeover measure not in investors interests
03/12/2020	Telenet Group Holding NV	Special	All For		
25/11/2020	Chr. Hansen Holding A/S	Annual	Against	9a	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
03/12/2020	Coloplast A/S	Annual	All For		
09/12/2020	Ambu A/S	Annual	Abstain Against	8a 10b	Concerns related to approach to board diversity Concerns related to shareholder rights
18/12/2020	Tryg A/S	Special	All For		
29/10/2020	Neles Oyj	Special	All For		
27/10/2020	ATOS SE	Special	All For		
29/10/2020	Alstom SA	Special	All For		
10/11/2020	Unibail-Rodamco-Westfield SE	Special	Against	A,B,C	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes efficient capital structure

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
27/11/2020	Pernod Ricard SA	Annual/Special	Against	10,12	Apparent failure to link pay & appropriate performance
09/12/2020	Rubis SCA	Special	All For		
03/11/2020	OSRAM Licht AG	Special	Against	2.1,2.2,2.3	Lack of independence on board
18/11/2020	DWS Group GmbH & Co. KGaA	Annual	All For		
26/11/2020	GEA Group AG	Annual	Against	9,10,11	Issue of capital raises concerns about excessive dilution of existing shareholders
04/12/2020	Hellenic Telecommunications Organization SA	Special	Abstain	5.2,5.3	Administrative declaration
18/12/2020	Mytilineos SA	Special	All For		
22/10/2020	Seagate Technology Plc	Annual	Against	2 1a 1j	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
05/11/2020	James Hardie Industries Plc	Annual	Against	2,6 8	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
11/12/2020	iShares VII plc - iShares MSCI UK Small Cap UCITS	Annual	Against	8	Overboarded/Too many other time commitments
11/12/2020	Medtronic Plc	Annual	All For		
29/12/2020	Flutter Entertainment Plc	Special	All For		
28/10/2020	Mediobanca SpA	Annual/Special	Against	3a.2,3b 4a,4b A	 Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
30/10/2020	Atlantia SpA	Special	All For		
19/11/2020	Buzzi Unicem SpA	Special	All For		
19/11/2020	Buzzi Unicem SpA	Special	All For		
17/12/2020	Recordati SpA	Special	All For		
27/10/2020	BBGI Global Infrastructure S.A.	Special	All For		
16/11/2020	Eurofins Scientific SE	Special	All For		
30/11/2020	BBGI Global Infrastructure S.A.	Special	All For		
03/12/2020	B&M European Value Retail SA	Special	All For		
15/12/2020	Aroundtown SA	Special	All For		
07/10/2020	Just Eat Takeaway.com NV	Special	Against	2G	Apparent failure to link pay and appropriate performance
20/10/2020	OCI NV	Special	All For		
27/10/2020	Signify NV	Special	All For		
28/10/2020	ASR Nederland NV	Special	All For		
29/10/2020	Yandex NV	Annual	Against	9 8 7	Insufficient/poor disclosure Issue of capital raises concerns about excessive dilution of existing shareholders Issue of capital raises concerns about excessive dilution of existing shareholders
18/11/2020	JDE Peet's NV	Special	Against	3 4	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees
20/11/2020	Euronext NV	Special	All For		
15/12/2020	ABN AMRO Bank NV	Special	All For		
29/10/2020	Adevinta ASA	Special	All For		
17/11/2020	Yara International ASA	Special	All For		
30/11/2020	DNB ASA	Special	All For		
04/12/2020	SalMar ASA	Special	All For		
26/11/2020	Jeronimo Martins SGPS SA	Special	All For		
08/10/2020	Grifols SA	Annual	Against	6 10	Concerns regarding Auditor tenure Insufficient/poor disclosure
26/10/2020	Banco Santander SA	Special	All For		
29/10/2020	Aena S.M.E. SA	Annual	Against	12 11	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
01/12/2020	Bankia SA	Special	All For		
02/12/2020	CaixaBank SA	Special	All For		
22/10/2020	Skanska AB	Special	All For		
22/10/2020	Sweco AB	Special	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
23/10/2020	Husqvarna AB	Special	All For		
28/10/2020	Essity AB	Special	All For		
03/11/2020	Electrolux AB	Special	Against	7	Apparent failure to link pay and appropriate performance
24/11/2020	Assa Abloy AB	Special	All For		
26/11/2020	Atlas Copco AB	Special	All For		
27/11/2020	Epiroc AB	Special	All For		
27/11/2020	Sinch AB	Special	Against	7	Apparent failure to link pay and appropriate performance
01/12/2020	Hexagon AB	Special	Against	8	Apparent failure to link pay and appropriate performance
02/12/2020	Telia Co. AB	Special	All For		
09/12/2020	Securitas AB	Special	All For		
16/12/2020	NIBE Industrier AB	Special	All For		
21/12/2020	Castellum AB	Special	All For		
02/11/2020	Julius Baer Gruppe AG	Special	Against	2	Insufficient/poor disclosure
17/11/2020	Compagnie Financiere Richemont SA	Special	Against	2	Insufficient/poor disclosure
19/11/2020	UBS Group AG	Special	Against	2	Insufficient/poor disclosure
27/11/2020	Credit Suisse Group AG	Special	Against	2.2	Insufficient/poor disclosure
09/12/2020	Barry Callebaut AG	Annual	Against	1.2 6	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
15/12/2020	Cenovus Energy Inc.	Special	All For		
02/10/2020	Noble Energy, Inc.	Special	Against	2	Apparent failure to link pay & appropriate performance
08/10/2020	Analog Devices, Inc.	Special	All For		
08/10/2020	Maxim Integrated Products, Inc.	Special	All For		
13/10/2020	The Procter & Gamble Company	Annual	Against	5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
15/10/2020	Paychex, Inc.	Annual	Against	2 1g	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversityConcerns about remuneration committee performance
15/10/2020	Varian Medical Systems, Inc.	Special	Against	3	Apparent failure to link pay and appropriate performance
27/10/2020	Cintas Corporation	Annual	Against	2 4	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
28/10/2020	Parker-Hannifin Corporation	Annual	Against	3 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
03/11/2020	Coty Inc.	Annual	Against	2,4 1.1	Apparent failure to link pay and appropriate performance Concerns to protect shareholder valueConcerns about remuneration committee performance
03/11/2020	Lam Research Corporation	Annual	All For		
04/11/2020	Cardinal Health, Inc.	Annual	Against	3 1a 5,6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes appropriate accountability or incentivisation
04/11/2020	KLA Corporation	Annual	Against	3 1.6 4	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
04/11/2020	Oracle Corporation	Annual	Against	5 6	SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes enhanced shareholder rights
05/11/2020	Maxim Integrated Products, Inc.	Annual	All For		
05/11/2020	Tapestry, Inc.	Annual	Against	3,4 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
10/11/2020	The Estee Lauder Companies, Inc.	Annual	All For		
11/11/2020	Automatic Data Processing, Inc.	Annual	Against	4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
12/11/2020	CDK Global, Inc.	Annual	Against	2 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
12/11/2020	Fox Corporation	Annual	Against	3 1f 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder valueConcerns related to approach to board diversity

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
18/11/2020	Campbell Soup Company	Annual	Against	3 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
18/11/2020	News Corporation	Annual	Against	1e 5	Poison pill/anti-takeover measure not in investors interestsConcerns to protect shareholder value Shareholder proposal promotes better management of SEE opportunities and risks
18/11/2020	The Clorox Company	Annual	Against	2 1.4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
18/11/2020	Western Digital Corporation	Annual	Against	2 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
19/11/2020	Broadridge Financial Solutions, Inc.	Annual	All For		
19/11/2020	ResMed Inc.	Annual	Against	3	Apparent failure to link pay and appropriate performance
20/11/2020	Sysco Corporation	Annual	Against	2 1b 1d	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
02/12/2020	Microsoft Corporation	Annual	Against	2 1.5 4	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
03/12/2020	Vail Resorts, Inc.	Annual	Against	3 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
04/12/2020	Copart, Inc.	Annual	Against	2 1.5 1.8	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
09/12/2020	Palo Alto Networks, Inc.	Annual	Against	3	Apparent failure to link pay & appropriate performance
10/12/2020	Cisco Systems, Inc.	Annual	Against	6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
15/12/2020	Liberty Broadband Corp.	Special	All For		
16/12/2020	AutoZone, Inc.	Annual	Against	3 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
17/12/2020	FactSet Research Systems Inc.	Annual	Against	3 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
22/12/2020	The Trade Desk, Inc.	Special	Against	1,2,3,4,5,6	Concerns to protect shareholder value
30/12/2020	Tiffany & Co.	Special	Against	2	Apparent failure to link pay and appropriate performance
02/11/2020	Genesis Emerging Markets Fund Ltd.	Annual	All For		
04/12/2020	Vinacapital Vietnam Opportunity Fund Ltd. (United K	Annual	All For		
11/12/2020	Schroder Oriental Income Fund Ltd.	Annual	All For		
14/12/2020	The Renewables Infrastructure Group Ltd.	Special	All For		
09/12/2020	Entain Plc	Special	All For		
18/12/2020	Playtech Plc	Special	All For		
04/11/2020	Amcor Plc	Annual	All For		
03/12/2020	Ferguson Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
21/12/2020	IWG Plc	Special	All For		
07/10/2020	Frasers Group Plc	Annual	Against	5	Concerns about overall performance
08/10/2020	Hargreaves Lansdown Plc	Annual	Against	3 4	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance
09/10/2020	Baillie Gifford US Growth Trust Plc	Annual	All For		
09/10/2020	SDL Plc	Court	All For		
09/10/2020	SDL Plc	Special	All For		
12/10/2020	Unilever Plc	Court	All For		
12/10/2020	Unilever Plc	Special	All For		
14/10/2020	Barratt Developments Plc	Annual	All For		
14/10/2020	Edinburgh Worldwide Investment Trust Plc	Special	Against	3	Issue of capital raises concerns about excessive dilution of existing shareholders
14/10/2020	Watches of Switzerland Group Plc	Annual	All For		
15/10/2020	BHP Group Plc	Annual	Against	7,8 24,25 23	Apparent failure to link pay & appropriate performance 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 enhanced shareholder rights

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
16/10/2020	Ashmore Group Plc	Annual	Against	9	Apparent failure to link pay & appropriate performance
27/10/2020	Dechra Pharmaceuticals PLC	Annual	Against	3	Apparent failure to link pay & appropriate performance
27/10/2020	Rolls-Royce Holdings Plc	Special	All For		
27/10/2020	The City of London Investment Trust Plc	Annual	All For		
02/11/2020	OSB Group Plc	Court	All For		
02/11/2020	OSB Group Plc	Special	All For		
03/11/2020	London Stock Exchange Group Plc	Special	All For		
03/11/2020	Provident Financial Plc	Special	Against	1,3	Apparent failure to link pay and appropriate performance
04/11/2020	GCP Student Living Plc	Annual	All For		
05/11/2020	JPMorgan Emerging Markets Investment Trust Plc	Annual	All For		
06/11/2020	Redrow Plc	Annual	Against	10 11	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance
09/11/2020	Perpetual Income & Growth Investment Trust Plc	Special	All For		
11/11/2020	Hays plc	Annual	All For		
11/11/2020	Rank Group Plc	Annual	Against	2,3 7,18	Apparent failure to link pay and appropriate performance Overboarded/Too many other time commitments
16/11/2020	European Opportunities Trust plc	Annual	All For		
16/11/2020	Smiths Group Plc	Annual	Against	13	Overboarded/Too many other time commitments
17/11/2020	Dunelm Group Plc	Annual	All For		
17/11/2020	Perpetual Income & Growth Investment Trust Plc	Special	All For		
17/11/2020	Shaftesbury Plc	Special	All For		
19/11/2020	Close Brothers Group Plc	Annual	Against	3	Apparent failure to link pay and appropriate performance
19/11/2020	William Hill Plc	Court	All For		
19/11/2020	William Hill Plc	Special	All For		
23/11/2020	Rank Group Plc	Special	All For		
23/11/2020	The Weir Group Plc	Special	All For		
24/11/2020	AVEVA Group Plc	Special	All For		
25/11/2020	Genus Plc	Annual	All For		
26/11/2020	PZ Cussons Plc	Annual	Against	3	Apparent failure to link pay and appropriate performance
27/11/2020	Murray Income Trust PLC	Annual	All For		
03/12/2020	Atlassian Corp. Plc	Annual	Against	2 9 13	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
03/12/2020	Baillie Gifford Japan Trust Plc	Annual	All For		
04/12/2020	Associated British Foods Plc	Annual	All For		
04/12/2020	Aston Martin Lagonda Global Holdings Plc	Special	All For		
10/12/2020	Softcat Plc	Annual	All For		
11/12/2020	Bellway Plc	Annual	Against	2,3	Apparent failure to link pay and appropriate performance
14/12/2020	Fidelity Special Values Plc	Annual	All For		
16/12/2020	Telecom Plus Plc	Special	Against	2 1	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance
17/12/2020	Alternative Credit Investments Plc	Court	All For		
17/12/2020	Alternative Credit Investments Plc	Special	All For		
17/12/2020	AVI Global Trust Plc	Annual	All For		
17/12/2020	JD Wetherspoon Plc	Annual	Against	2,3	Apparent failure to link pay and appropriate performance
23/12/2020	easyJet Plc	Annual	Against	2 9	Apparent failure to link pay & appropriate performance Concerns about overall performance
23/12/2020	Informa Plc	Special	Against	2 1	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

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ESG Impact Report

Q4 2020

Using our influence and scale to bring about real, positive change to deliver sustainable investor value

Legal & General
INVESTMENT MANAGEMENT

Our mission

LGIM's Investment Stewardship team strives 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

In doing so, we seek to fulfil LGIM's purpose: to create a better future through responsible investing.

Our focus

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 while seeking to benefit from emerging opportunities. We aim to safeguard 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 ensure companies are well-positioned for sustainable growth, and to prevent market behaviour that destroys long-term value. 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 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, we believe companies should become more resilient to change and therefore seek to benefit the whole market. We use our influence and scale to ensure that issues impacting the value of our clients' investments are recognised and appropriately managed. This includes working with key policymakers, such as governments and regulators, and collaborating with asset owners to bring about positive change.

Action and impact

As investors worldwide continued to contend with the terrible human and economic toll of COVID-19 in the fourth quarter of 2020, we focused our investment stewardship activity on a number of pressing ESG issues.

In this report, we detail the action we took on behalf of our clients, on subjects from ethnic diversity to healthcare and ESG integration. We also provide case studies and data to illustrate this activity and, crucially, demonstrate its impact.

PRI leaders' group

The PRI Leader's Group showcases signatories to the UN-backed Principles for Responsible Investment that, in their responses to the PRI Reporting Framework, demonstrate a breadth of responsible investment excellence and shine in specific themes. In 2020, the theme was climate reporting; LGIM was delighted to be selected as a member of the group and recognised for our work in this space.

Citywire gender diversity awards

We were awarded the Citywire Gender Diversity 'Judges choice' Award. This accolade was awarded for our stewardship work on gender diversity and leading position on ethnicity, as well as for the female representation in businesses at the board and executive levels and across other senior roles.

Voting recognition

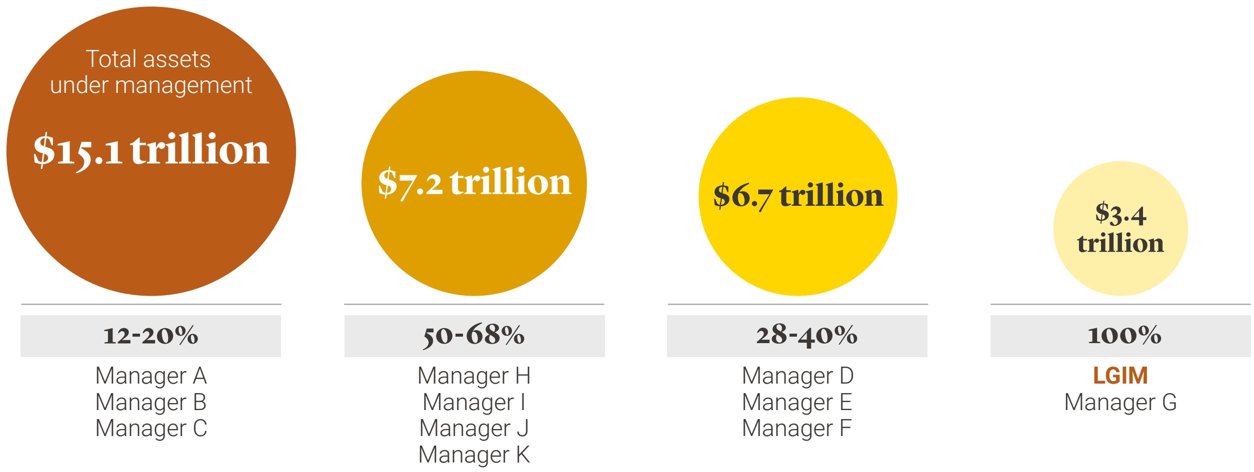
We continued to receive recognition for our strong voting stance in a new report from ShareAction, a non-governmental organisation, looking at resolutions related to human rights and diversity during the 2020 proxy voting season. LGIM was highlighted as a top supporter, in line with our belief in taking voting action against companies falling below our minimum standards on ESG issues.

	Votes in favour of resolutions on human rights:	Votes in favour of resolutions on diversity:
LGIM:	**100%**	**100%**
Average across large asset managers:	17% (5 largest)	56% (4 largest)

Source: ShareAction – Voting Matters (2020)[1], analysis of asset manager voting during 2020 proxy calendar. Data for 5th largest asset manager on diversity was not included in the original study.

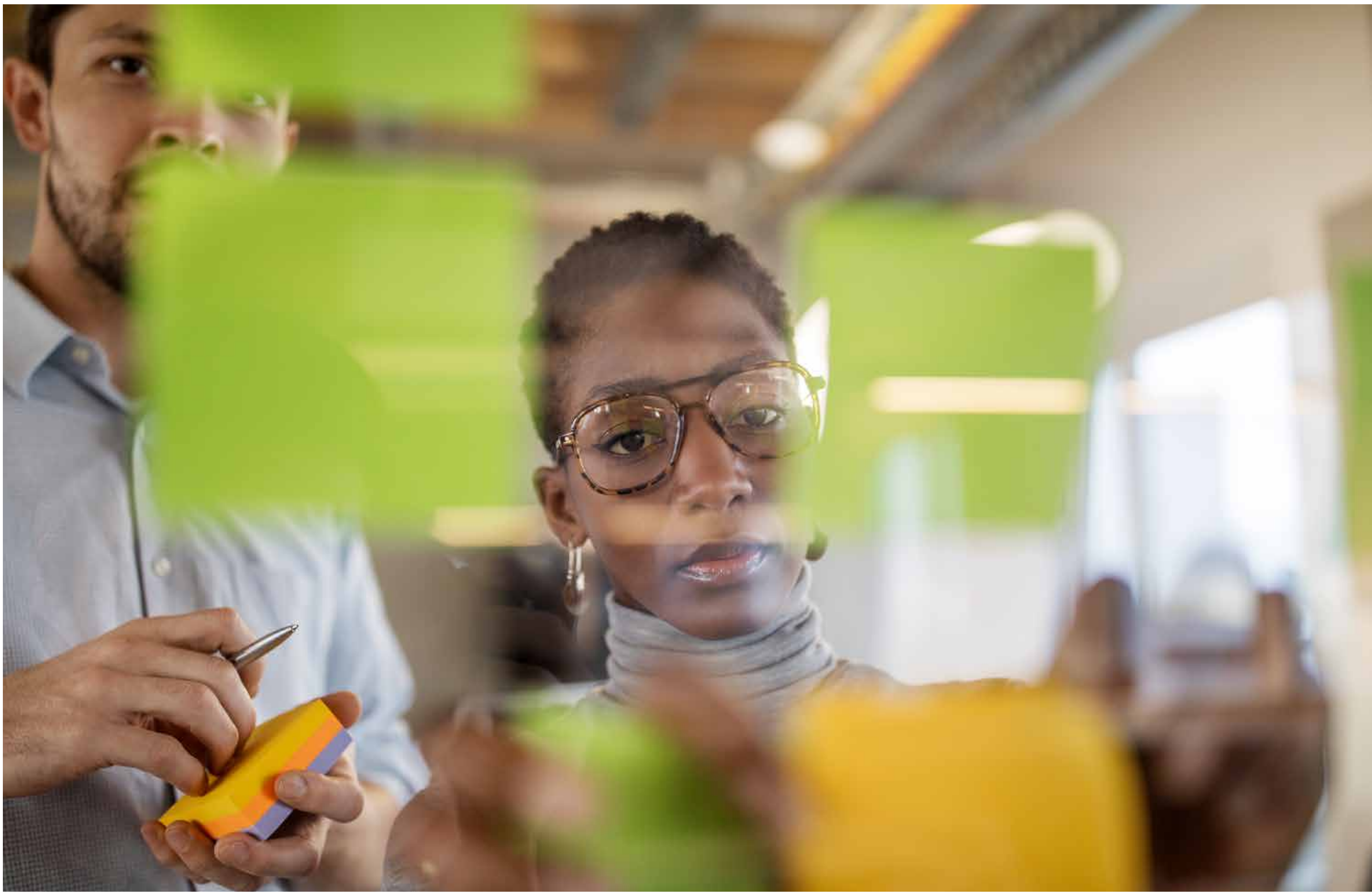
Since then, a separate report from another such organisation, Majority Action, looking at the US voting record of the 12 largest asset managers found LGIM supported 100% of resolutions relating to racial justice-related resolutions at large US companies.[2]

Percentage of racial justice-related shareholder proposals where asset manager voted in favour



Source: LGIM, adapted from Majority Action, based off Priority Insight data

1. https://shareaction.org/research-resources/voting-matters-2020/
2. https://www.majorityaction.us/racial-justice-report-2020



'Pandemic 50' collaborative engagement

LGIM joined forces with nine other investors to build an engagement campaign with 50 of the world's largest companies about their response to the global pandemic, which exposed a variety of weaknesses in economies and gaps in social safety nets. The coalition – representing $3.7 trillion of assets under management – initiated engagement with each of the companies to assess how their business model, strategies and practices are adapting to strengthen the long-term resilience of their companies. In particular, we focused on how their boards' oversight and approach to human capital management has evolved.

Promoting ethnic diversity

In September, we sent letters as well as an article outlining our stance to 35[3] of the largest companies in the UK and 44 in the US that have no ethnic diversity at the board level. Since our outreach, we have received responses from 48% of the targeted companies. Of those, approximately 42% have agreed with the data captured for them, confirming their lack of ethnic diversity on their boards. Of those that disagreed with the analysis, we have reached out further to ask them to contact ISS, the proxy voting adviser, to ensure that accurate data are captured and reported. We continue to engage with the targeted companies, and to push for more consistent and improved reporting.

Broader momentum related to ethnic diversity has notably picked up. In November, ISS announced in its annual benchmark policy update that it will consider ethnic diversity a voting issue for US companies for the first time.

"For 2022, for companies in the Russell 3000 or S&P 1500 where the board has no apparent racial or ethnically diverse members, and no mitigating factors are identified, ISS' policy will provide for recommending voting against or withhold from the chair of the nominating committee," the organisation announced. Given the number of investors that rely on ISS benchmark policies, this is a significant market development.

3. Figure changed from the 36 stated in our August 2020 publication due to a company adding ethnicity to its board ahead of our engagement.

To continue the momentum, the Nasdaq stock exchange proposed a listing requirement for board diversity. The proposal includes an element of public disclosure of board level diversity statistics and a "comply or explain" requirement to have at least two diverse directors "including one who self-identifies as female and one who self identifies as either an underrepresented minority or LGBTQ+." The proposal is currently under review and has received substantial numbers of public comments. LGIM America submitted a supportive comment.

These are seminal market shifts with enduring impacts and global implication. We hope we will be able to look back at 2020 as a step change moment for progress on ethnic diversity.

Action on AMR

Within our health theme, we are looking at anti-microbial resistance (AMR). LGIM joined the Investor Action on AMR initiative, which was launched on 23 January, 2020 at the World Economic Forum Annual Meeting in Davos by the Access to Medicine Foundation, FAIRR, the PRI and the UK Department of Health and Social Care.

The main objective of the AMR initiative is to leverage investor influence to combat drug-resistant superbugs. We believe that, without coordinated action today, AMR may be the next global health event and that the financial impact could be significant. Within the AMR initiative, members of the LGIM Investment Stewardship team participated during the World AMR awareness week (18-24 November 2020) via pre-recorded videos outlining their concerns over the financial and environmental risks by not taking action on AMR.

Furthermore, we published our first blog on the subject, where we outlined why investors should take action on AMR today, not tomorrow. This year, we will be considering how to engage most effectively with our investee companies in the pharmaceutical and animal husbandry industries to promote a 'One Health' approach as advocated by the WHO.[4] We will also work collaboratively with our peers, engage with policymakers where applicable, and encourage other investors to take action on AMR within their holdings, too.

An Investment Stewardship team member sits on the Access to Medicine Foundation's Expert Committee for the AMR Benchmark; we will continue to write on AMR initiatives throughout 2021.

Coal power and Samsung C&T

During the fourth quarter of 2020, LGIM came to understand that a portfolio company – Samsung C&T, which has a market capitalisation of KRW 28.45 trillion[5] – was considering becoming one of the engineering and construction contractors of a new planned Vung Ang 2 coal power fired plant in Vietnam. This presented an issue as it has been well-established through low-carbon energy models that in order to remain consistent with a Paris-aligned emissions trajectory, coal-fired power generation must be phased out. Furthermore, given the large climate and health impacts of coal power, we believe that companies involved in the project face significant reputational and/or financial risks.

In August 2020, LGIM wrote to Samsung C&T urging the company to reconsider its involvement in Vung Ang 2 and to commit to no involvement in the construction of new coal plants without carbon capture and storage. Just two months later, following significant pressure from LGIM and other like-minded shareholders, the company announced with immediate effect, that it will no longer participate in coal-fired power generation projects in any capacity, including investment or construction. However, to our disappointment, the company reaffirmed its participation in the Vung Ang 2 as its final coal project. In response LGIM will be sanctioning the board at its next AGM.

ESG scores

We recently launched a website for the LGIM ESG Score, taking our commitment to transparency one step further. The LGIM ESG Score, launched in 2018, is run according to a rules-based methodology which scores companies on what we believe are global minimum ESG standards. The new website enables users to view at the indicator level how companies are performing against the themes and standards that underpin the score's methodology, and how they compare to peers. In our view, this transparency is crucial, as companies must have a clear understanding of how they are being assessed in order to improve. Furthermore, companies will now be able see their performance against our expectations.

The website has three principal aims, to:

- Provide companies and clients with an interactive way of understanding and engaging with the drivers of the LGIM ESG Score
- Enable investee companies to identify where they are failing to meet our minimum expectations and how they can improve
- Encourage companies to address gaps in their ESG disclosures and strategies

By providing this market-leading transparency we aim to accelerate the improvement in companies' ESG profiles and demonstrate to clients our commitment to driving positive change. Companies have already provided positive feedback on this detailed transparency.

For more information on the scores, please refer to our public methodology document here.

Enhanced transparency on voting

Our Investment Stewardship team was pleased to release a new vote disclosure webpage which aims to improve access by our clients and other stakeholders to our firmwide voting decisions across all markets in which we vote. This enhanced page provides extra transparency on our votes, with daily updates of our instructions and disclosures of all votes with a lag of one day after a shareholder meeting is held. We also continue to provide the rationale for all votes against management, as this allows our stakeholders to understand the reason behind a vote cast against the management of a company, including a vote of support to a shareholder resolution. Lastly, historic vote data is available, with all our vote records from the 1 January, 2017 uploaded onto the website.

4. The 'One Health' approach promoted by the WHO brings together various stakeholders working in multiple fields such as human and animal health, food production, the environment, to work together in the designing and implementing of research programmes, policies and legislation to attain better public health outcomes.
5. Source for all market cap data cited in this document: Refinitiv, as at 21 January 2021

Significant votes

Company name: The Procter & Gamble Company (P&G)*

Sector: Household goods and home construction	**Market cap:** $325.8 billion

Issue identified:	P&G uses both forest pulp and palm oil as raw materials within its household goods products. The company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Two of their Tier 1 suppliers of palm oil were linked to illegal deforestation. Finally, the company uses mainly Programme for the Endorsement of Forest Certification (PEFC) wood pulp rather than Forestry Stewardship Council (FSC) certified wood pulp. **Why is it an issue?** Palm oil and forest pulp are both considered leading drivers of deforestation and forest degradation, which is responsible for approximately 12.5% of greenhouse gas emissions that contribute to climate change. The fact that Tier 1 suppliers have been found to have links with deforestation calls into question due diligence and supplier audits. Only FSC certification offers guidance on land tenure, workers', communities and indigenous people's rights and the maintenance of high conservation value forests.
Summary of the resolution:	Resolution 5 – Report on effort to eliminate deforestation. The AGM took place on 13 October 2020.
How LGIM voted:	LGIM voted in favour of the resolution.
Rationale for the vote decision:	LGIM engaged with P&G to hear its response to the concerns raised and the requests raised in the resolution. We spoke to representatives from the proponent of the resolution, Green Century. In addition, we engaged with the Natural Resource Defence Counsel to fully understand the issues and concerns. **Rationale for the vote?** Following a round of extensive engagement on the issue, LGIM decided to support the resolution. Although P&G has introduced a number of objectives and targets to ensure their business does not impact deforestation, we felt it was not doing as much as it could. The company has not responded to CDP Forest disclosure; this was a red flag to LGIM in terms of its level of commitment. Deforestation is one of the key drivers of climate change. Therefore, a key priority issue for LGIM is to ensure that companies we invest our clients' assets in are not contributing to deforestation. **Any other steps?** LGIM has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC-certified sources.

Company name: The Procter & Gamble Company (P&G)*	
Sector: Household goods and home construction	**Market cap:** $325.8 billion

Outcome:	The resolution received the support of 67.68% of shareholders (including LGIM). LGIM will continue to engage with P&G on the issue and will monitor its CDP disclosure for improvement.
Why is this vote significant?	It is linked to LGIM's five-year strategy to tackle climate change and attracted a great deal of client interest.

*Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

Company name: Quantas*

Sector: Transport	**Market cap:** AUD 9.2 billion

Issue identified:	The COVID-19 crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the crisis on the company's stakeholders was appropriately reflected in the executive pay package.
Summary of the resolution:	At the company's AGM on 23 October, 2020, shareholders were asked to approve the following two resolutions which we deem significant votes: • Resolution 3 – Approve participation of Alan Joyce in the Long-Term Incentive Plan (LTIP) • Resolution 4 – Approve Remuneration Report
How LGIM voted:	LGIM voted against resolution 3 and supported resolution 4.
Rationale for the vote decision:	In collaboration with our Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express our concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, our concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. We voted against resolution 3 to signal our concerns. LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.
Outcome:	About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration, in our view. We will continue our engagement with the company.
Why is this vote significant?	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.

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Company name: Rank group*

Sector: Travel & Leisure	**Market cap:** £670.5 million

Issue identified:	The company and its stakeholders have been impacted by the COVID crisis. As an active owner and responsible investor, LGIM wants to ensure this is reflected in the executive remuneration package paid for this year. In addition, in 2018 the company granted 'block awards' long-term incentives (LTI) to the executives and committed not to grant any LTI awards until financial year 2022. After review of the remuneration policy, the remuneration committee asked shareholders to adopt a new LTI structure with the first award under this plan to be made in the 2021 financial year.
Summary of the resolution:	Resolution 2 – Approve the remuneration report; and resolution 3 – Approve remuneration policy at the company's AGM held on 11 November 2020.
How LGIM voted:	LGIM supported both resolutions.
Rationale for the vote decision:	We decided to support the remuneration report, which looks back at the remuneration earned during the financial year. We noted the remuneration committee's decision to apply a 20% deduction and cancel the planned increase of salaries of the executives and fees of the board members. No annual bonus was granted, given the performance of the company. LGIM was comfortable that the impact of COVID-19 had been appropriately reflected in the remuneration of the executives and therefore decided to support the remuneration report. Regarding the remuneration policy, our direct engagement with the company allowed us to better understand the rationale for the proposed changes to the LTIP. We took into account their concerns around retention, and the fact that there would be a substantial gap in the vesting of any long-term incentives if this plan was not approved. Notably, that the structure of the proposed LTIP was in line with LGIM's remuneration principles.
Outcome:	90.79% of shareholders supported resolution 2 and 96.4% supported resolution 3. However, it should be noted that a majority shareholder owned 56.15% of the voting rights shortly before the time of the vote. This remains an interesting outcome given the recommendation of a vote against both resolutions by influential proxy voting agency ISS. Our engagement with the company on the topic of remuneration led to an informed vote decision by LGIM.
Why is this vote significant?	It illustrates the complexity of remuneration practices and the importance of engagement. The media[6] also expected this shareholder meeting would trigger a substantial amount of votes against.

6. https://news.sky.com/story/odds-on-for-shareholder-pay-revolt-at-casino-giant-rank-12117724

*Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

Company name: Whitehaven Coal*

Sector: Mining	**Market cap:** AUD 1.7 billion
Issue identified:	The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation: in the fourth quarter of 2020 alone three of Australia's main export markets for coal – Japan, South Korea and China – have announced targets for carbon neutrality around 2050.
Summary of the resolution:	Resolution 6 – Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders. The AGM took place on 22 October 2020.
How LGIM voted:	LGIM voted for the resolution.
Rationale for the vote decision:	LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets.
Outcome:	The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour. However, the environmental profile of the company continues to remain in the spotlight: in late 2020 the company pleaded guilty to 19 charges for breaching mining laws that resulted in 'significant environmental harm'. As the company is on LGIM's Future World Protection List of exclusions, many of our ESG-focused funds – and select exchange-traded funds – were not invested in the company.
Why is this vote significant?	The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.

*Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

Company name: Cardinal Health*	
Sector: Pharmaceuticals	**Market cap:** $16 billion

Issue identified:	The company paid out an above-target bonus to the CEO, the same year it recorded a total pre-tax charge of $5.63 billion ($5.14 billion after tax) for expected opioid settlement costs during the fiscal year ended 30 June, 2020. The compensation committee excluded the settlement costs from the earnings calculations which resulted in executive pay being boosted. Further, the current CEO was head of pharma globally during the worst years of the opioid crisis. Accountability would therefore have been expected. LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure not comprising a sufficient proportion of awards assessed against the company's performance.
Summary of the resolution:	Resolution 3, Advisory Vote to Ratify Named Executive Officers' Compensation. AGM date: 4 November, 2020.
How LGIM voted:	We voted against the resolution.
Rationale for the vote decision:	We voted against the resolution to signal our concern over the bonus payment to the CEO in the same year the company recorded the charge for expected opioid settlement.
Outcome:	The resolution encountered a significant amount of oppose votes from shareholders, with 38.6% voting against the resolution and 61.4% supporting the proposal. LGIM continues to engage with US companies on their pay structures and has published specific pay principles for US companies.
Why is this vote significant?	We believe it is imperative that pay structures are aligned with company performance and that certain expenses over which directors have control and influence should not be allowed to be excluded in the calculation of their pay, in particular if these would be detrimental to the executive director(s) in question.

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Company name: Medtronic plc*	
Sector: Healthcare products	**Market cap:** $160.6 billion

Issue identified:	Following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year.
Summary of the resolution:	Resolution 3 - Advisory Vote to Ratify Named Executive Officers' Compensation. AGM date: 11 December, 2020.
How LGIM voted:	We voted against the resolution.
Rationale for the vote decision:	LGIM voted against the one-off payment as we are not supportive of one-off awards in general and in particular when these are awarded to compensate for a payment for which the performance criterion/criteria were not met. Prior to the AGM we engaged with the company and clearly communicated our concerns over one-off payments.
Outcome:	The voting outcome was as follows: For: 91.73%; against: 8.23%.
Why is this vote significant?	We believe it is contrary to best practice in general and our pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment.

*Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

Company name: Fast Retailing Co. Limited*

Sector: Consumer discretionary: Specialty retail – apparel retail	**Market cap:** JPY 9.74 trillion

Issue identified:	Japanese companies in general have trailed behind European and US companies, as well as companies in other countries in ensuring more women are appointed to their boards. A lack of women employed is also a concern below board level.
Summary of the resolution:	Resolution 2.1: Elect Director Yanai Tadashi at the company's annual shareholder meeting held on 26 November 2020.
How LGIM voted:	We voted against the resolution.
Rationale for the vote decision:	LGIM has for many years promoted and supported an increase of appointing more women on boards, at the executive level and below. On a global level we consider that every board should have at least one female director. We deem this a de minimis standard. Globally, we aspire to all boards comprising 30% women. In the beginning of 2020, we announced that we would vote against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for companies included in the TOPIX100 where these standards were not upheld. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to act on this issue.
Outcome:	Shareholders supported the election of the director. LGIM will continue to engage with and require increased diversity on all Japanese company boards, including Fast Retailing.
Why is this vote significant?	LGIM considers it imperative that the boards of Japanese companies increase their levels of diversity.

*Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.

Sustainability

Renewing our Climate Impact Pledge

LGIM has long been committed to a model of 'engagement with consequences'. When we launched our Climate Impact Pledge in 2016, it was the first time a mainstream asset manager had committed to divest companies over a lack of action on climate change. Since the launch, we have been able to track the impact of this model via our quantitative assessment framework – companies that were subjected to voting and divestment sanctions consistently achieved the most significant improvements in their scores.

In October, we announced that we would be significantly expanding the scope and ambition of our climate-related engagements. We are making the target of net-zero emissions by 2050 an explicit focus, and are expanding our climate-related voting policies to cover not just engagement targets, but all companies in climate-critical sectors.

To support our commitment, we constructed an assessment framework closely aligned to the Task Force on Climate-Related Financial Disclosures and the IIGCC Net-Zero Investment Framework, consisting of standardised metrics available in a comparable format for a large universe of companies. The result is the Climate Impact Pledge scores which can be found on our dedicated website, covering 1,000+ companies. We will link performance on these indicators to our votes: companies not meeting our minimum expectations, such as board oversight on climate change and greenhouse gas reduction policies, will be subject to a vote against their reports and accounts in 2021, and a vote against the chair in 2022.

We continue to believe it is important for investors to engage hands-on with portfolio companies on their management of the critical risks, but also opportunities, that climate presents. As such, complementing our voting policy, we will continue to engage in person with a group of 60 companies across 15 sectors. These companies have been selected on the basis of their size and sector influence. They will be assessed on their strategic response to the net-zero challenge, according to sector guides that we have made publicly available on the Pledge's microsite.

Within all LGIM funds that apply the Climate Impact Pledge, we will divest from those companies where, after a period of engagement, we do not see a willingness to improve. We will also vote against the chair of their boards, effective from the 2021 AGM season.

We are pleased to see that a number of companies covered by our Climate Impact Pledge have recently announced new climate ambitions. US oil major **Occidental Petroleum*** – an erstwhile divestment candidate under the Pledge – has gone from climate laggard to the forefront of its American peers. Occidental has become the first US oil company to announce net-zero emissions targets which include not just its operations ('Scope 1 and 2' emissions), but also the emissions from the use of its sold products ('Scope 3') – which are the largest contributor to its overall footprints. In December, mining giant **Glencore*** became the first miner to announce similar Scope 1-3 net zero targets.

KEPCO*

LGIM has been engaging with Korea Electric Power Company (KEPCO) since early 2017. In 2019, due to a lack of responsiveness to investor concerns, the company's continued plans to expand thermal coal power generation and poor climate risk disclosure, we made the decision to implement voting sanctions and divest from the company from the Future World fund range. Following this decision, we have had four meetings with the company, including one in person at LGIM's offices in autumn 2019. To further increase pressure on the company, our Head of Sustainability and Responsible Investment outlined our concerns in an interview with a leading Korean daily newspaper in 2020.

In October, KEPCO publicly pledged it would make no further investments in overseas coal projects. The company announced it would focus on renewables and natural gas in the future, and that all currently planned thermal coal projects, with the exception of two plants in Indonesia and Vietnam, will either be converted to liquefied natural gas or called off.

*For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security.

Continued collaboration

In January 2020, LGIM joined the One Planet initiative – a coalition of asset managers, sovereign wealth funds and private investments championed by President Emmanuel Macron of France. In late November, our CEO joined other finance leaders at a C-suite summit hosted by President Macron, which resulted in a joint statement in support of better climate disclosures[7], with further collaboration expected throughout 2021.

Shortly before this event, the UK Prime Minister announced a 10-point plan for a 'green industrial revolution' which aims to accelerate the deployment of low-carbon technologies and 'green collar' jobs. This comes as the UK prepares to host the international COP26 UN climate change conference in Glasgow in 2021. As part of this process, our CEO has been asked by the UK government to co-chair the Business Leaders Group alongside the Secretary of State for Business, in an effort to galvanise momentum for climate action in the private sector. LGIM's Head of Sustainability and Responsible Investment is also on secondment as a COP26 'high-level champion' for climate finance.

The COP26 talks will be crucial, as governments are expected to announce strengthened policies to turn the Paris Agreement's ambitions into reality. The role of investors in this process will be key. That is why, in December, on the eve of the 5th anniversary of the Paris Agreement, LGIM was a founding signatory of the **Net Zero Asset Manager Initiative**, alongside 30 investors with a combined $9 trillion in assets, pledging to work in partnership with our clients to set decarbonisation goals for portfolios.

For more information on this important initiative, please see our blog.

Work on the net-zero challenge continues apace across different L&G divisions; in November our colleagues in Legal and General Retirement pledged to halve the carbon intensity of their annuity portfolio by 2030 and target net zero by 2050[8], while in December our Real Assets division published a net zero carbon roadmap.[9]

7. https://oneplanetswfs.org/wp-content/pdfjs/web/viewer.html?file=https://oneplanetswfs.org/download/135/press-eng/987/6_20201120-opswf-opam-statement-on-climate-related-financial-disclosures.pdf
8. https://www.legalandgeneralgroup.com/media-centre/press-releases/legal-general-commits-to-halving-81bn-annuity-portfolio-s-carbon-emissions-by-2030/
9. https://www.legalandgeneral.com/landg-assets/institutional/real-assets/_resources/files/real-estate-net-zero-carbon-roadmap-report_december_2020_final.pdf

Public policy update

Over the past quarter, LGIM has been actively engaged on an increasing number of ESG-related policy and regulatory developments around the world.

United Kingdom

We have continued to engage with various stakeholders in government, as well as regulators, over the past quarter. We have recently focused on providing practical advice in the early stage of policymaking, especially necessary as the UK has moved through the Brexit transition period. On a more formal basis, we have recently provided feedback into two key government consultations where there is clear cross-over:

1. Call for Evidence on UK Listings Review (also known as the 'Lord Hill review')

Lord Hill has been tasked with carrying out a review as to whether UK markets remain world leading and fit for the future shape of the economy. There is a focus on whether the markets are attractive enough to encourage fast-growing and innovative technology firms to list in the UK. Unfortunately, the select questions in the 'call for evidence' are of deep concern to us as they are not where the governments focus should be at this stage, in our view. We have provided feedback on several key points:

i. Supporting the principle of 'One Share, One Vote'

ii. Grandfathering companies that have dual or multiple voting rights

iii. Maintaining a minimum free float of 25%

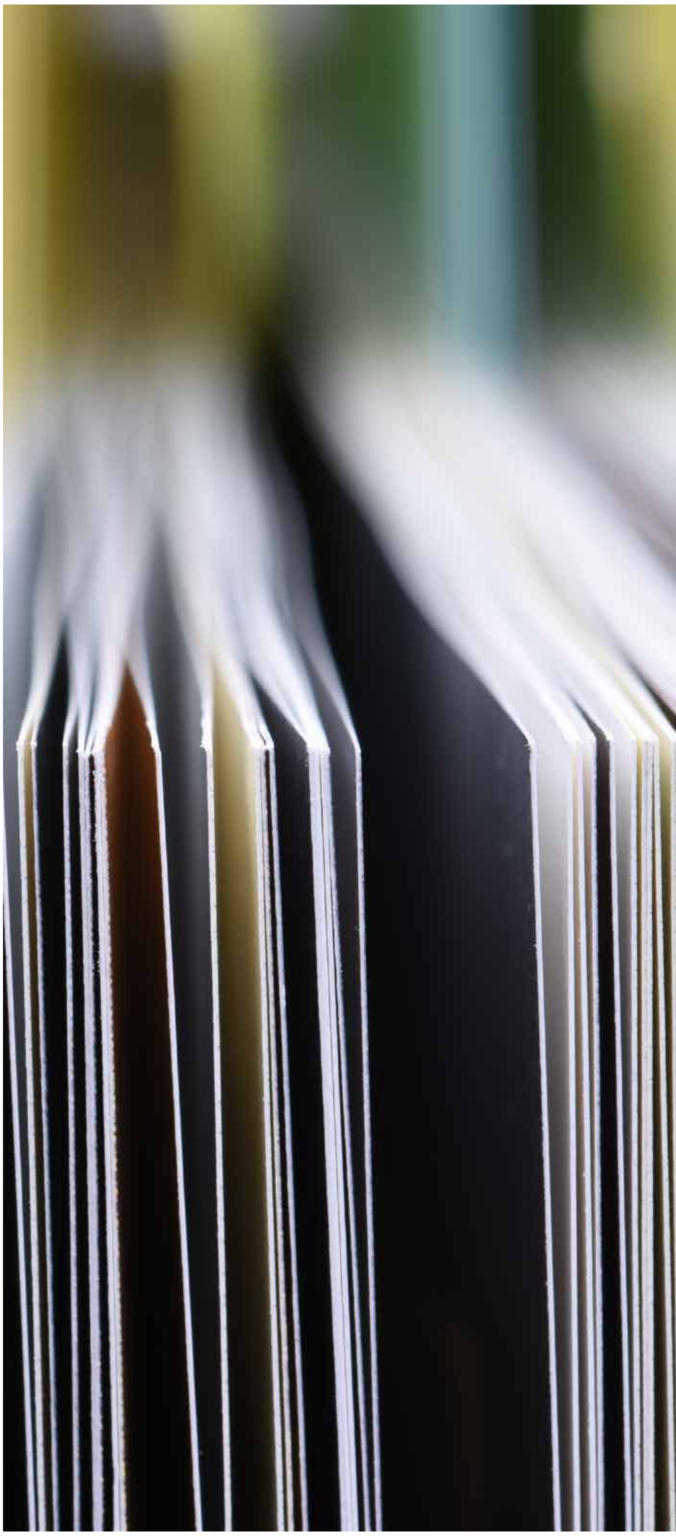
iv. No 'fast-track' processes within minimum time period

v. Vested interest in attracting initial public offerings (IPOs)

vi. Support for companies to gradually move through the listed markets as they grow

vii. Alignment with National Security and Investment Bill

There has been a reduction in IPOs, likely due to uncertainty driven by Brexit. In our view, we should be focusing on ensuring quality IPOs in the UK and not quantity. It was not so long ago that weakening of the listing rules caused significant issues in the market.



2. National Security and Investment Bill 2020: mandatory notification sectors

The UK, like many other countries around the world, is seeking to legislate to ensure that the government has the necessary powers to scrutinise and intervene in business transactions, such as takeovers, to protect national interests. We are, of course, supportive of the UK endeavours to protect national security; however, the proposals are of concern. We provided feedback and recommendations on several key areas that would help reduce unintended complexities, risk stalling investment in the UK, and ensure the bill strengthens the overall attractiveness and efficiency of the UK market. Our points focused on:

i. Clarity – on selected sectors and specific activities, definitions

ii. Independent and publicly available advice

iii. Limits to ministers' authority

iv. Guidance on extraterritorial aspects

v. Government resourcing for timely responses

vi. Exemptions for portfolio management

vii. Thresholds of ownership to be in line with industry standards (i.e. 30%)

viii. Transparent annual reviews as to effectiveness of the bill

ix. Balance to be struck to ensure an efficient market

We will continue to engage with government on both reviews in 2021. We also feel that as the UK moves forward out of the transition period, the government may wish to focus efforts on how the UK economy can be more productive; encouraging businesses to become more innovative and prioritising investment in research and development. In addition, we suggest encouraging investment into early-stage, modern, industries that support the transition to a net-zero economy; and strengthening standards in the private market given growing preference for debt over equity.

European Union

With regard to the EU, over the past quarter we have focused a good deal of time in preparation for the implementation of the Sustainable Finance Disclosure Regulation (SFDR). In September, we responded to the draft Regulatory Technical Standards that have been further delayed until early 2021. As many will be aware, this is a very significant piece of regulation that has come out of the Sustainable Finance Action Plan and aims to reduce 'greenwashing' and create a more harmonised system of how products integrate ESG factors, what ESG-related or sustainable investment is targeted, how they are categorised, what is disclosed, and eventually reporting standards. This will continue to feature as an area of focus in 2021, as will implementation of the EU's taxonomy for sustainable finance. We will continue to engage with the (soon to be released) revised Sustainable Finance Action Plan and efforts to strengthen and harmonise corporate governance standards across the region.

LGIM has also been engaging on policy with other investors. Through the Institutional Investors Group on Climate Change (IIGCC), we called on EU leaders to amend the outdated and inconsistent Energy Charter Treaty that presently supports private fossil fuel industry investments by making nation states liable to cover any foreign fossil fuel investments which are made unprofitable by domestic climate policy.

Japan

In Japan, the Council of Experts convened by the Japan FSA and Tokyo Stock Exchange has begun discussions to review the Corporate Governance Code. We have supported the International Corporate Governance Network by providing input to the group's opinion paper and the updated Japan policy priorities. Both documents include our views and have been presented to the council for deliberation. Japan's Corporate Governance Code will be revised in 2021.

Case studies and references to any security are shown for illustrative purposes only and do not constitute an investment recommendation

Non-financial disclosures

In September the Trustees of the International Financial Reporting Standards Foundation published a consultation paper that posed the question of whether the foundation should become involved in the world of non-financial reporting. As noted in our blog on the EU's review of the Non-Financial Reporting Directive, investors need access to relevant, comparable, consistent and verifiable non-financial information across markets and asset classes.

Overall, there has been very strong support from the more than 500 stakeholders who took the time to provide feedback, including LGIM. LGIM's key messages to the trustees are outlined in our blog and cover the following topics:

i. While we are supportive of financial materiality focus, we do feel it necessary the foundation feature 'double materiality' in the standard they develop. Materiality is an evolving concept

ii. Although a focus on climate-related risks is valuable, the foundation should ensure that the standard covers a much broader range of ESG issues

iii. It is helpful to build off the exiting voluntary standards, such as the Sustainability Accounting Standards Board and the Global Reporting Initiative

iv. Strong coordination of all stakeholders to ensure harmonisation and uptake

v. As investors are the primary users of non-financial disclosures, it is necessary that there is strong representation at a governance level

vi. We should aim to have non-financial disclosures verified with the same rigour that financial information is, although the market is not there yet and we should not weaken any standard to achieve this

vii. There is urgency to this work to halt the increasing risk of regulation moving in different directions, and a roadmap for development and release should be public

viii. A public roadmap for development and release

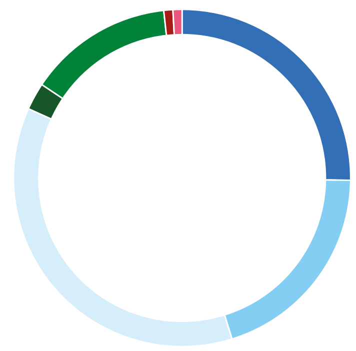
Regional updates

UK - Q4 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	51	0	0
Capitalisation	281	29	0
Directors-related	472	23	0
Remuneration-related	133	42	0
Reorganisation and Mergers	38	3	0
Routine/Business	349	16	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	2	0	0
Shareholder Proposal - Director-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	1	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	1	1	0
Total	1328	115	0
Total resolutions	1443		
No. AGMs	81		
No. EGMs	55		
No. of companies voted on	125		
No. of companies where voted against management on at least one resolution	57		
% of companies with at least one vote against	46%		

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

Votes against



- Antitakeover-related - 0
- Capitalisation - 29
- Directors-related - 23
- Remuneration-related - 42
- Reorganisation and Mergers - 3
- Routine/Business - 16
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Director-related - 0
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 1
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 1

Number of companies voted for/against

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

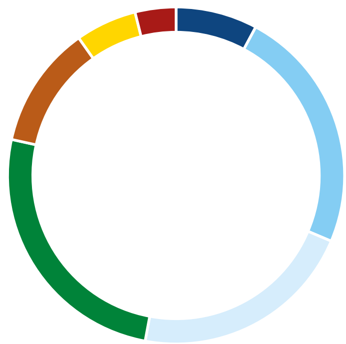
LGIM voted against at least one resolution at **46%** of UK companies over the quarter

Europe - Q4 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	1	4	0
Capitalisation	28	0	0
Directors-related	74	9	3
Remuneration-related	20	11	0
Reorganisation and Mergers	16	0	0
Routine/Business	183	13	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Director-related	4	6	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	3	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	0	2	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	326	48	3
Total resolutions	377		
No. AGMs	10		
No. EGMs	43		
No. of companies voted on	53		
No. of companies where voted against management on at least one resolution	21		
% of companies with at least one vote against	40%		

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

Votes against / abstentions



- Antitakeover-related - 4
- Capitalisation - 0
- Directors-related - 12
- Remuneration-related - 11
- Reorganisation and Mergers - 0
- Routine/Business - 13
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Directors-related - 6
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 3
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 2
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against

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

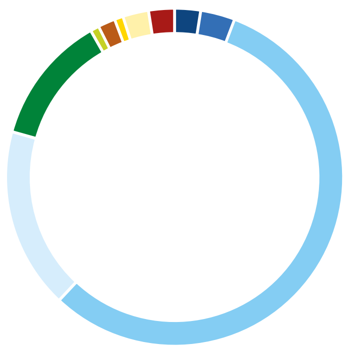
LGIM voted against at least one resolution at 40% of European companies over the quarter

North America - Q4 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	8	3	0
Capitalisation	7	4	0
Directors-related	242	68	0
Remuneration-related	27	21	0
Reorganisation and Mergers	9	0	0
Routine/Business	23	15	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	1	0
Shareholder Proposal - Director-related	4	2	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	1	0
Shareholder Proposal - Other/Miscellaneous	1	3	0
Shareholder Proposal - Routine/Business	0	3	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	321	121	0
Total resolutions	442		
No. AGMs	34		
No. EGMs	10		
No. of companies voted on	43		
No. of companies where voted against management on at least one resolution	35		
% of companies with at least one vote against	81%		

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

Votes against



- Antitakeover-related - 3
- Capitalisation - 4
- Directors-related - 68
- Remuneration-related - 21
- Reorganisation and Mergers - 0
- Routine/Business - 15
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 1
- Shareholder Proposal - Directors-related - 2
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 1
- Shareholder Proposal - Other/Miscellaneous - 3
- Shareholder Proposal - Routine/Business - 3
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against

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

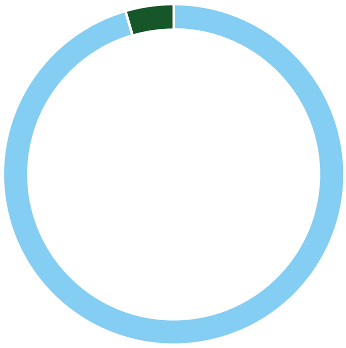
LGIM voted against at least one resolution at **81%** of North American companies over the quarter

Japan - Q4 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	0	0	0
Capitalisation	0	0	0
Directors-related	74	21	0
Remuneration-related	5	0	0
Reorganisation and Mergers	7	1	0
Routine/Business	7	0	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	1	0	0
Shareholder Proposal - Director-related	0	0	0
Shareholder Proposal - General Economic Issues	1	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
Total	95	22	0
Total resolutions	117		
No. AGMs	10		
No. EGMs	3		
No. of companies voted on	13		
No. of companies where voted against management on at least one resolution	9		
% of companies with at least one vote against	69%		

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

Votes against



- Antitakeover-related - 0
- Capitalisation - 0
- Directors-related - 21
- Remuneration-related - 0
- Reorganisation and Mergers - 1
- Routine/Business - 0
- 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

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

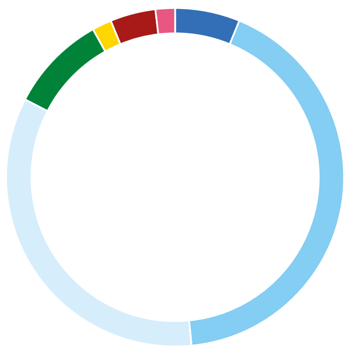
LGIM voted against at least one resolution at 69% of Japanese companies over the quarter

Asia Pacific - Q4 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	13	0	0
Capitalisation	26	9	1
Directors-related	249	68	0
Remuneration-related	152	55	0
Reorganisation and Mergers	15	0	0
Routine/Business	51	15	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Director-related	8	0	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	1	3	0
Shareholder Proposal - Other/Miscellaneous	1	0	0
Shareholder Proposal - Routine/Business	2	7	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	3	3	0
Total	521	160	1
Total resolutions	682		
No. AGMs	95		
No. EGMs	18		
No. of companies voted on	113		
No. of companies where voted against management on at least one resolution	69		
% of companies with at least one vote against	61%		

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

Votes against / abstentions



- Antitakeover-related - 0
- Capitalisation - 10
- Directors-related - 68
- Remuneration-related - 55
- Reorganisation and Mergers - 0
- Routine/Business - 15
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Directors-related - 0
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 3
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 7
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 3

Number of companies voted for/against

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

LGIM voted against at least one resolution at 61% of Asia Pacific companies over the quarter

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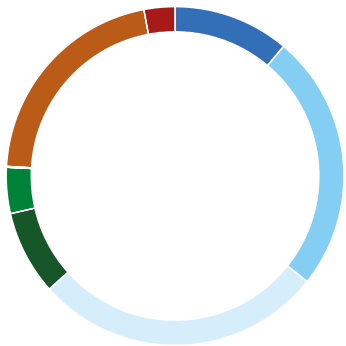
Emerging markets - Q4 2020 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	1	0	0
Capitalisation	1104	109	0
Directors-related	913	106	135
Remuneration-related	59	271	0
Reorganisation and Mergers	904	79	0
Routine/Business	539	43	0
Shareholder Proposal - Compensation	1	0	0
Shareholder Proposal - Corporate Governance	0	1	0
Shareholder Proposal - Director-related	18	205	2
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	3	29	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	3542	843	137
Total resolutions	4522		
No. AGMs	43		
No. EGMs	438		
No. of companies voted on	474		
No. of companies where voted against management on at least one resolution	188		
% of companies with at least one vote against	40%		

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.

Votes against / abstentions



- Antitakeover-related - 0
- Capitalisation - 109
- Directors-related - 241
- Remuneration-related - 271
- Reorganisation and Mergers - 79
- Routine/Business - 43
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 1
- Shareholder Proposal - Directors-related - 207
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 29
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against abstentions

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

LGIM voted against at least one resolution at **40%** of emerging markets companies over the quarter

Global voting summary

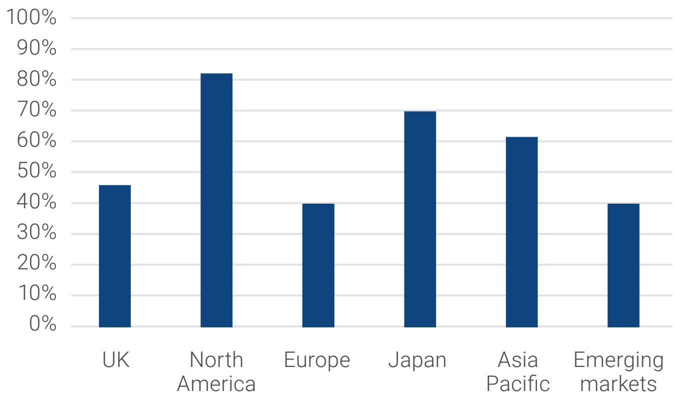
Voting totals

Proposal category	For	Against	Abstain	Total
Antitakeover-related	74	7	0	81
Capitalisation	1446	151	1	1598
Directors-related	2024	295	138	2457
Remuneration-related	396	400	0	796
Reorganisation and Mergers	989	83	0	1072
Routine/Business	1152	102	0	1254
Shareholder Proposal - Compensation	1	0	0	1
Shareholder Proposal - Corporate Governance	3	2	0	5
Shareholder Proposal - Directors-related	34	213	2	249
Shareholder Proposal - General Economic Issues	1	0	0	1
Shareholder Proposal - Health/Environment	1	7	0	8
Shareholder Proposal - Other/Miscellaneous	2	3	0	5
Shareholder Proposal - Routine/Business	6	42	0	48
Shareholder Proposal - Social/Human Rights	0	0	0	0
Shareholder Proposal - Social	4	4	0	8
Total	6133	1309	141	7583
No. AGMs	273			
No. EGMs	567			
No. of companies voted on	821			
No. of companies where voted against management on at least one resolution	379			
% of companies with at least one vote against	46%			

Number of companies voted for/against abstentions

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

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



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

Global engagement summary

Key engagement numbers

489
Total number of engagements during the quarter

428
Number of companies engaged with

Number of engagements on

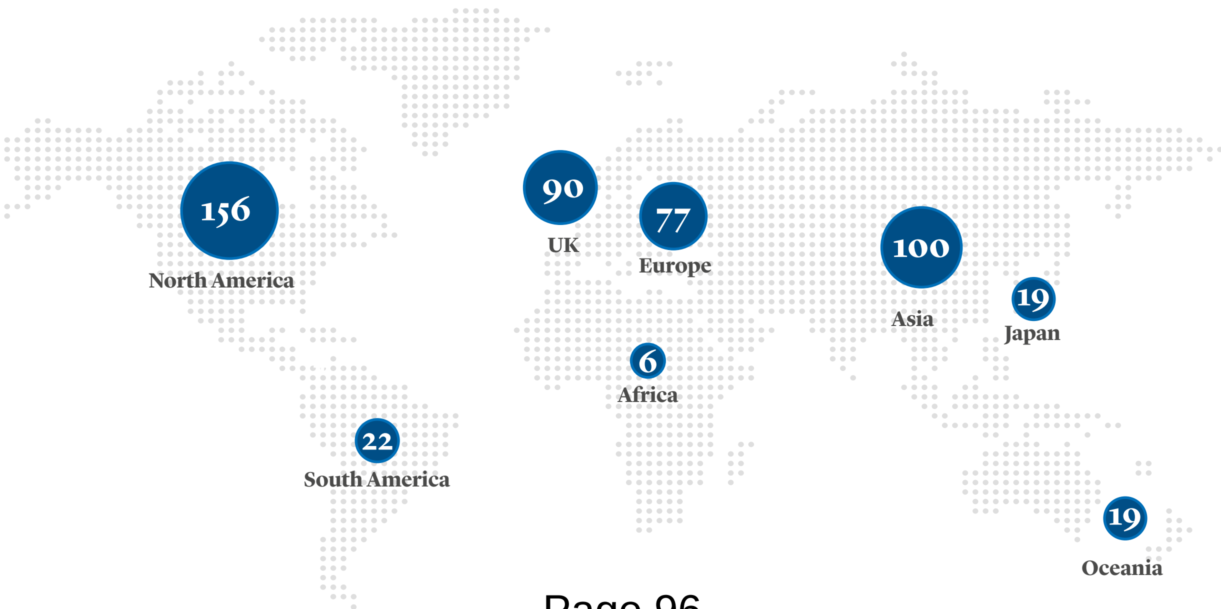
357
Environmental topics

76
Other topics (e.g. financial and strategy)

139
Governance topics

64
Social topics

Breakdown of our engagements by market



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Engagement type

141
Company meetings

348
Email/letter

Top five engagement topics

1 Climate change
353 engagements

2 Remuneration
88 engagements

3 Diversity
43 engagements

4 COVID-19
38 engagements

5 Strategy
38 engagements

Contact us

For further information about LGIM, please visit lgim.com or contact your usual LGIM representative

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Shropshire County Council

Q4 2020

The purpose of the ***reo***® (responsible engagement overlay) * service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. The ***reo***® approach focuses on enhancing long-term investment performance by making companies more commercially successful through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities.

Engagement in review

The last three months of 2020 gave us reasons for despair as many countries in the Western Hemisphere were forced to impose new restrictions after a tidal wave of new COVID-19 cases washed over parts of Europe and the Americas. At the same time, we found reasons for hope as the global scientific community successfully developed a vaccine in record time. New virus variants and logistical challenges in administering the vaccine mean, however, that companies will continue to face uncertainty well into 2021.

This quarter, we continued our engagement on issues related to companies' responses to the challenges brought upon by the pandemic. In November, we participated in the World Antimicrobial Resistance Awareness Week 2020, spearheaded by the World Health Organization and convened to help avoid the further emergence and spread of drug-resistant infections. The reported misuse of antibiotics during the COVID-19 pandemic means that antibiotic stewardship needs to be emphasised now more than ever. We also wrote to boards at UK and US companies in sectors disproportionally affected by the pandemic to set out our expectations on executive remuneration practices that reflect the experience of employees, investors and other stakeholders this difficult year.

Raising awareness on antimicrobial resistance

Engagement progress update

2020 was the Investor Year of Action on Antimicrobial Resistance (AMR) – a collaboration between the Farm Animal Investment Risk & Return Initiative (FAIRR), the Access to Medicine Foundation, the United Nations Principles for Responsible Investment (PRI), and the UK Government – to galvanise investor efforts to address AMR. BMO GAM is participating as an Investor Partner because we believe that AMR is a serious threat to global public health that investors need to take urgent action against, particularly as the COVID-19 pandemic risks affecting antimicrobial stewardship activities and accelerating the spread of AMR. We began our cross-sector engagement project on AMR in 2019, and plan to continue it in 2021.

November 18 marked the beginning of World Antimicrobial Awareness Week 2020. As an Investor Partner, we committed to two initiatives during this week: 1) publishing an in-depth Viewpoint[1] explaining how major food and pharmaceutical companies are overcoming the myriad challenges posed by AMR; and 2) releasing a podcast[2] to further raise awareness about AMR.[3]

[1] Viewpoint – https://www.bmogam.com/wp-content/uploads/2020/11/esg-viewpoint-anitmicrobial-resistance-nov-2020.pdf
[2] Podcast – https://sustainabilityleaders.bmo.com/en/news-insights/sustainability-leaders/sustainable-finance/episode-27-preventing-the-antimicrobial-resistance-health-crisis/
[3] AMR Industry Alliance – https://www.amrindustryalliance.org/

Guiding companies on how they should pay executives after an extraordinary year

Engagement initiative

The COVID-19 pandemic has introduced an unprecedented level of uncertainty into the global economy, with sectors such as industrials, oil & gas and consumer discretionary disproportionally affected. The operational disruption resulting from the pandemic has caused companies to miss their strategic targets set within their pre-pandemic business plans, with some needing to cut costs, cancel dividends or even seek emergency funding from investors or governments. Meanwhile other company stakeholders, such as employees, suppliers and customers, have been met with extraordinary hardship due to cost-cutting and layoffs. Amongst all of this, remuneration committees have a difficult task at hand as they try to find a balance between ensuring that executives continue to be incentivised, retained and rewarded for their efforts, whilst also reflecting the experience of investors and other stakeholders this year.

Against this backdrop, we wrote to the chairs of remuneration committee at UK and US companies within those most affected sectors to set out our expectations, suggest principles that should guide their decision-making and invite further dialogue if they consider it useful. Accepting that committees might need to exercise discretion to override pre-set formulas and policies, we encouraged detailed disclosure to be provided that explained the company specific circumstances to that justified any action taken. We also emphasised that when determining pay outcomes full consideration needs to be given for how their stakeholders have fared during the year under review, especially its employees, and not just the company's share price performance.

Workforce-related disclosures continue to make strides

Reporting standards

We have been actively engaging companies across a wide range of industries to disclose to the Workforce Disclosure Initiative's (WDI) annual survey since its inception in 2016. Key findings from the evaluation of the submissions by 118 companies to 2019's survey include that companies are generally reluctant to provide data on staff turnover as well as on internal accountability mechanisms to support workforce governance structures, and that they are willing to submit more data against workforce metrics for permanent employees than their temporary counterparts.

We engaged 81 companies on their participation in the WDI and enhanced labour related disclosure. Of these engaged companies, 21 (up from 17 in 2019) disclosed their efforts. The information – or lack thereof – disclosed will inform our engagement efforts going forward.

Banks up the ante on climate risk management

Engagement update

In the world of banking, this quarter was dominated by a handful of 2050 net-zero pledges and communication around respective implementation plans. Banks such as **JPMorganChase**, **Morgan Stanley**, **HSBC** and **NatWest** all announced net zero financed emissions plans and provided additional detail on their implementation during dedicated investor meetings. Barclays publicly outlined its progress in implementing the net zero commitment that shareholders had requested at its annual general meeting this past April.

An important element of a robust net-zero strategy is a well-anchored climate risk management system. To strengthen our own engagement efforts in this regard, we have joined a working group under the umbrella of the Institutional Investors Group on Climate Change (IIGCC) created to help align the banking sector with the goals of the Paris Agreement. We also teamed up with engagement consultants Asia Research and Engagement (ARE) and a small set of other investors to jointly reach out to the five biggest banks in China to enter a dialogue on climate risk and opportunities management, and related transparency.

Collaborating to address deforestation issues in Brazil's Cerrado biome

Engagement collaboration

In Q4, the Cerrado Manifesto Statement of Support (SoS) group, of which BMO GAM is a leading investor, made a joint effort to re-energise engagement with a group of global soft commodities traders sourcing soy from the Cerrado region of Brazil. Joint letters were sent in October to affected companies to request the setting of time-bound deforestation and traceability targets, clear reporting on volumes of soy sourced from recently deforested land, and a clear and time-bound response to non-compliant suppliers.

While the traders' responses varied in terms of addressing the key points, we were overall disappointed by the long timeframes and lack of time-bound targets for achieving a deforestation-free supply chain, and the absence of traceability and transparency metrics, especially for indirect suppliers. We also undersigned a second SoS letter to focus the traders' attention on two key requests: commit to and announce a deforestation- and conversion-free (DCF) cut-off date for soy sourced directly or indirectly from within the Cerrado biome, and to adopt more robust traceability and transparency processes to ensure that the soy supply chain can be effectively monitored to combat deforestation.

2020 ends on a positive note for ESG from US regulators

Regulatory update

The U.S. Securities and Exchange Commission (SEC) and Department of Labor (DOL) formalised their pushback on the responsible investment industry through a series of proposals and rules in 2020.

This quarter we saw the DOL finalise its two main rules regarding the inclusion of ESG products in ERISA pension plans and requiring a deep cost-benefit analysis for active proxy voting. The investment community responded strongly, with the overwhelming response raising serious concerns over the underlying reasons motivating the rulemaking, as well as the impracticality of applying what is being asked of plan fiduciaries and the broader institutional investment industry.

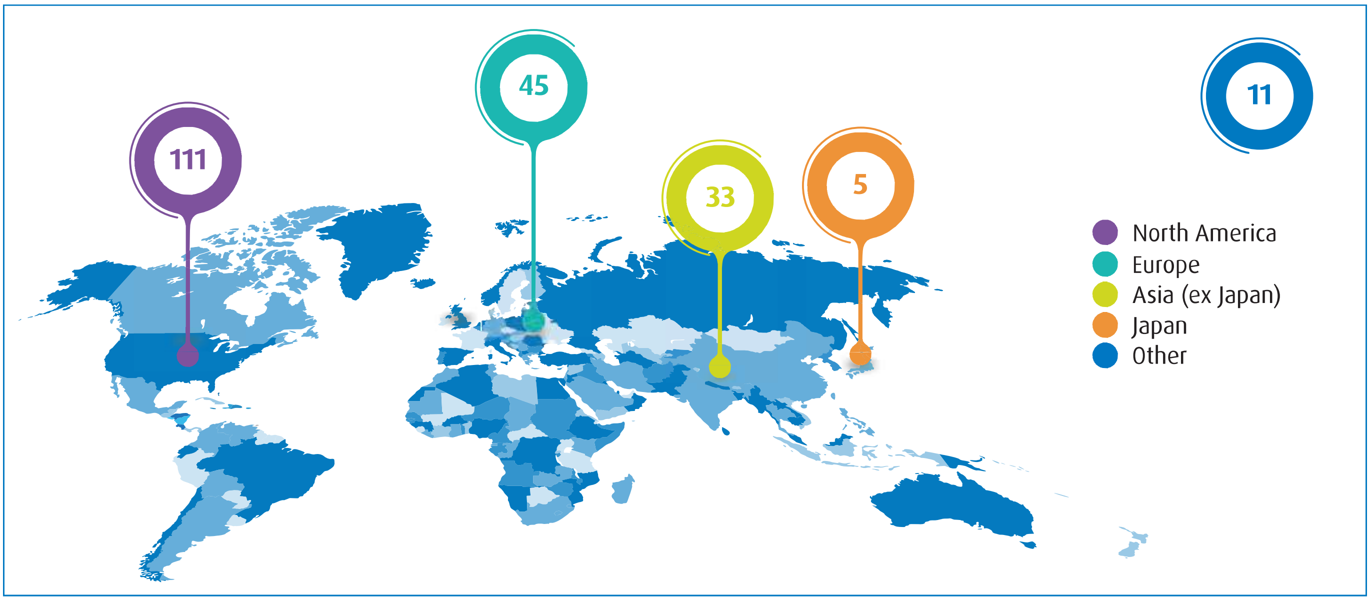
On the first proposal concerning 'ESG investing' products, the DOL shifted its focus in the final rule away from the term 'ESG' to the use of pecuniary and non-pecuniary factors. This has been interpreted as a victory by many, with the DOL conceding that ESG factors can in fact be pecuniary, in that they can impact the risk/return profile of an investment or portfolio. Similarly, the second rule regarding proxy voting was also reframed in this way, arguing that fiduciaries must not pursue non-pecuniary objectives through their voting if at the expense of the financial interest of their plans.

On a more positive note, in December the Nasdaq Stock Exchange submitted to the SEC its proposal that it require those companies that it lists have, or explain why they do not have, at least two diverse directors, and to provide statistical information on the company's board of directors related to a director's self-identified gender, race and self-identification as LGBTQ+. We wrote to the SEC in support of the proposal.

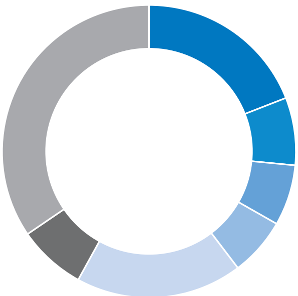
Companies engaged this quarter

Companies Engaged	Milestones achieved	Countries covered
205	66	33

Companies engaged by region

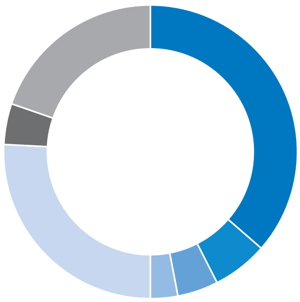


Companies engaged by issue **



Issue	Companies
Climate Change	74
Environmental Standards	29
Business Conduct	26
Human Rights	25
Labour Standards	71
Public Health	29
Corporate Governance	134

Milestones achieved by issue



Issue	Milestones
Climate Change	24
Environmental Standards	4
Business Conduct	3
Human Rights	2
Labour Standards	17
Public Health	3
Corporate Governance	13

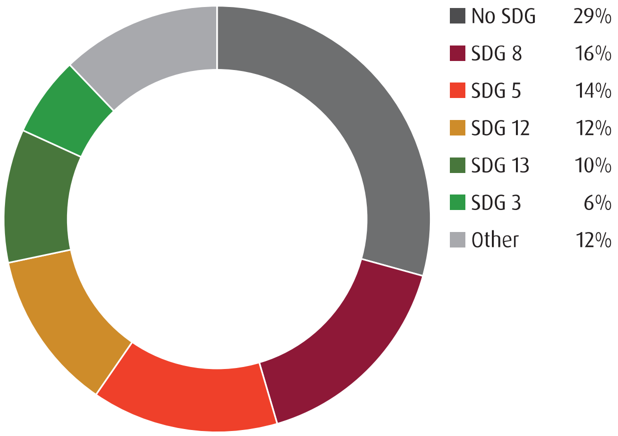
* ***reo***® is currently applied to £252bn / €277bn / $325bn / CAD$433bn of assets as at 30 September 2020.
** Companies may have been engaged on more than one issue.
*** This report has been compiled using data supplied by a third-party electronic voting platform provider. The statistics exclude ballots 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 uninstructed. 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)

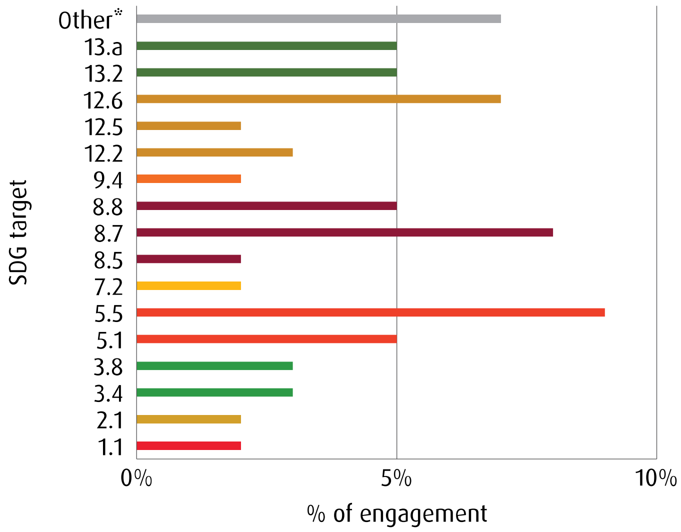
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

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.

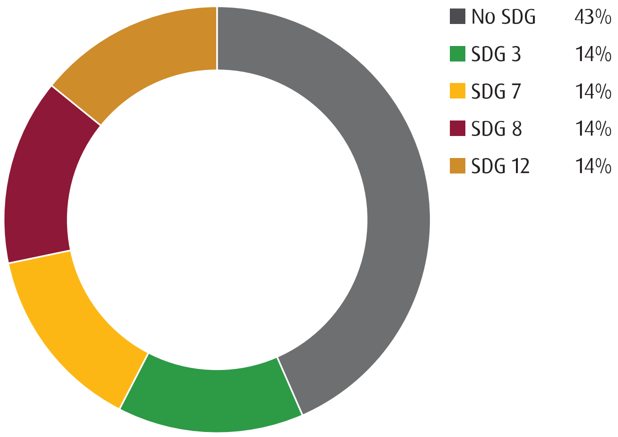
Engagement: SDG level



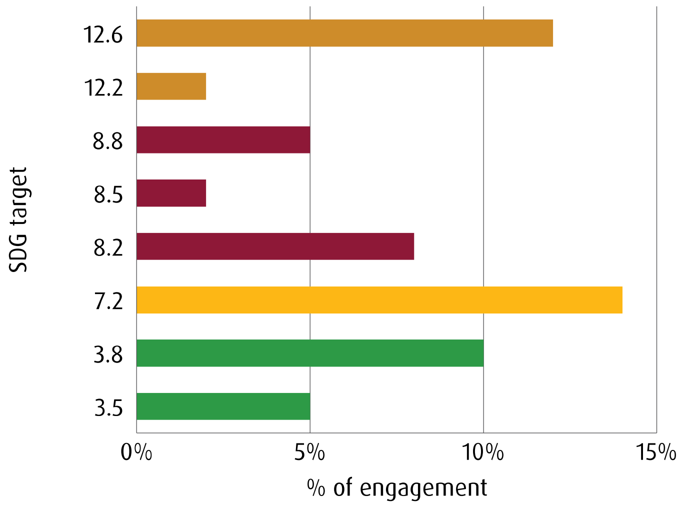
Engagement: SDG target level



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.

				Themes engaged						
Name	Sector	ESG Rating	Response to engagement	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Alleghany Corp	Financials	🟠	Adequate	●						
Amazon.com Inc	Consumer Discretionary	🟠	Poor				●	●	●	
ANTA Sports Products Ltd	Consumer Discretionary	🟠	Good	●	●			●		●
Banco Santander SA	Financials	🟡	Good	●						
Barclays PLC	Financials	🟢	Good	●						
Bausch Health Cos Inc	Health Care	🟠	Adequate			●		●	●	●
Capital One Financial Corp	Financials	🟡								●
Chevron Corp	Energy	🟠	Adequate							●
China Construction Bank Corp	Financials	🟡	Poor	●						
Danske Bank A/S	Financials	🟢	Good			●				●
DNB ASA	Financials	🟢	Adequate			●				●
FMC Corp	Materials	🟠	Good		●			●		
General Motors Co	Consumer Discretionary	🔴	Adequate	●			●	●		●
Marriott International Inc/MD	Consumer Discretionary	🔴					●	●		●
Mondelez International Inc	Consumer Staples	🟡			●		●	●		
Monster Beverage Corp	Consumer Staples	🔴			●					
Naspers Ltd	Consumer Discretionary	🟢								●
Occidental Petroleum Corp	Energy	🟠	Adequate	●						●
POSCO	Materials	🟡	Adequate	●						
Public Storage	Real Estate	🔴								●
Reliance Industries Ltd	Energy	🟠		●	●					
Royal Dutch Shell PLC	Energy	🟢	Good	●						●
Sempra Energy	Utilities	🟢		●	●					
Southern Copper Corp	Materials	🔴	Poor		●		●	●		

ESG Risk Rating: Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.
Top quartile: 🟢 Second quartile: 🟡 Third quartile: 🟠 Bottom quartile: 🔴

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Name	Sector	ESG Rating	Response to engagement	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
				Themes engaged						
UnitedHealth Group Inc	Health Care	●	Adequate					●	●	
Universal Health Services Inc	Health Care	●				●		●	●	
Vale SA	Materials	●			●		●			●
Wells Fargo & Co	Financials	●	Adequate	●		●		●		●

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
Bank of China Ltd	China	Financials		●						
BIM Birlesik Magazalar AS	Turkey	Consumer Staples								●
Boeing Co/The	United States	Industrials								●
Cabot Oil & Gas Corp	United States	Energy								●
China Shenhua Energy Co Ltd	China	Energy		●						
Chubu Electric Power Co Inc	Japan	Utilities		●						
CNOOC Ltd	China	Energy		●						
Fiat Chrysler Automobiles NV	United Kingdom	Consumer Discretionary		●						
General Motors Co	United States	Consumer Discretionary	✔	●			●	●		●
Haier Smart Home Co Ltd	China	Consumer Discretionary					●			
Hyundai Motor Co	South Korea	Consumer Discretionary								●
Japan Tobacco Inc	Japan	Consumer Staples		●	●	●		●	●	●
JBS SA	Brazil	Consumer Staples			●	●				
Las Vegas Sands Corp	United States	Consumer Discretionary								●
Marriott International Inc/MD	United States	Consumer Discretionary	✔				●	●		●
Monster Beverage Corp	United States	Consumer Staples	✔		●					
Pioneer Natural Resources Co	United States	Energy								●
Public Storage	United States	Real Estate	✔							●
Raia Drogasil SA	Brazil	Consumer Staples								●
Royal Caribbean Cruises Ltd	United States	Consumer Discretionary								●
Sinopharm Group Co Ltd	China	Health Care				●				●
Southern Copper Corp	Peru	Materials	✔		●		●	●		
Southwest Airlines Co	United States	Industrials								●
Teva Pharmaceutical Industries Ltd	Israel	Health Care								●
Uber Technologies Inc	United States	Industrials		●						●
UnitedHealth Group Inc	United States	Health Care	✔					●	●	
Universal Health Services Inc	United States	Health Care	✔			●		●	●	

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	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
				Themes engaged						
Vale SA	Brazil	Materials	✔		●		●			●
Walmart Inc	United States	Consumer Staples						●	●	
Wynn Resorts Ltd	United States	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: 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
A O Smith Corp	United States	Industrials								●
Alleghany Corp	United States	Financials	✔	●						
Amazon.com Inc	United States	Consumer Discretionary	✔				●	●	●	
ANTA Sports Products Ltd	China	Consumer Discretionary	✔	●	●			●		●
Bajaj Auto Ltd	India	Consumer Discretionary								●
Bank Mandiri Persero Tbk PT	Indonesia	Financials		●	●			●		●
Bank Rakyat Indonesia Persero Tbk PT	Indonesia	Financials		●	●					
Bausch Health Cos Inc	United States	Health Care	✔			●		●	●	●
Bayer AG	Germany	Health Care			●					
Bristol-Myers Squibb Co	United States	Health Care								●
Chevron Corp	United States	Energy	✔							●
Costco Wholesale Corp	United States	Consumer Staples							●	
Dali Foods Group Co Ltd	China	Consumer Staples		●	●			●	●	●
Dollar Tree Inc	United States	Consumer Discretionary							●	
Ecopetrol SA	Colombia	Energy		●						
EOG Resources Inc	United States	Energy								●
Everest Re Group Ltd	Bermuda	Financials								●
FMC Corp	United States	Materials	✔		●			●		
Fresenius SE & Co KGaA	Germany	Health Care					●	●		
General Dynamics Corp	United States	Industrials						●		●
Glencore PLC	Switzerland	Materials		●						
Hargreaves Lansdown PLC	United Kingdom	Financials						●		
iA Financial Corp Inc	Canada	Financials								●
Industrial & Commercial Bank of China Ltd	China	Financials		●						
Inner Mongolia Yili Industrial Group Co Ltd	China	Consumer Staples		●	●				●	
Kraft Heinz Co/The	United States	Consumer Staples					●	●	●	
Melrose Industries PLC	United Kingdom	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: ●

Name	Country	Sector	Priority company	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
				Themes engaged						
Occidental Petroleum Corp	United States	Energy	✔	●						●
Philip Morris International Inc	United States	Consumer Staples								●
Reliance Industries Ltd	India	Energy	✔	●	●					
Saputo Inc	Canada	Consumer Staples								●
Saudi Arabian Oil Co	Saudi Arabia	Energy		●						
Sysco Corp	United States	Consumer Staples						●		
Textron Inc	United States	Industrials								●
TransDigm Group Inc	United States	Industrials								●
Tyson Foods Inc	United States	Consumer Staples					●	●		
Universal Robina Corp	Philippines	Consumer Staples								●
Verizon Communications Inc	United States	Communication Services				●				●
Waste Connections Inc	United States	Industrials		●	●			●		●
Wells Fargo & Co	United States	Financials	✔	●		●		●		●
Williams Cos Inc/The	United States	Energy								●
X5 Retail Group NV	Russian Federation	Consumer Staples		●	●			●	●	●
XPO Logistics Inc	United States	Industrials				●		●		●
Zhejiang Supor Co Ltd	China	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: 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
AbbVie Inc	United States	Health Care							●	
Agricultural Bank of China Ltd	China	Financials		●						
Alimentation Couche-Tard Inc	Canada	Consumer Staples								●
Allstate Corp/The	United States	Financials						●		●
Alphabet Inc	United States	Information Technology								●
Anglo American PLC	United Kingdom	Materials		●						
BAE Systems PLC	United Kingdom	Industrials		●		●		●		●
Banco Santander SA	Spain	Financials	✔	●						
Barrick Gold Corp	Canada	Materials		●		●	●	●		●
BASF SE	Germany	Materials		●				●		●
BHP Group Ltd	Australia	Materials		●						
Biocon Ltd	India	Health Care						●		
Capital One Financial Corp	United States	Financials	✔							●
China Construction Bank Corp	China	Financials	✔	●						
Chipotle Mexican Grill Inc	United States	Consumer Discretionary								●
Conagra Brands Inc	United States	Consumer Staples							●	
Darden Restaurants Inc	United States	Consumer Discretionary								●
Delta Air Lines Inc	United States	Industrials								●
Dominion Energy Inc	United States	Utilities		●						
Duke Energy Corp	United States	Utilities		●		●				
Eli Lilly and Co	United States	Health Care							●	●
Eni SpA	Italy	Energy		●						●
Exxon Mobil Corp	United States	Energy		●		●				●
F5 Networks Inc	United States	Information Technology								●
GlaxoSmithKline PLC	United Kingdom	Health Care					●	●		●
Great-West Lifeco Inc	Canada	Financials								●
Halliburton Co	United States	Energy								●

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	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
				Themes engaged						
Hilton Worldwide Holdings Inc	United States	Consumer Discretionary								●
Home Product Center PCL	Thailand	Consumer Discretionary								●
HSBC Holdings PLC	United Kingdom	Financials		●		●	●			
Imperial Oil Ltd	Canada	Energy								●
Infosys Ltd	India	Information Technology				●	●	●		●
International Business Machines Corp	United States	Information Technology				●				●
JPMorgan Chase & Co	United States	Financials						●		
Kasikornbank PCL	Thailand	Financials		●	●	●				
Kinder Morgan Inc	United States	Energy								●
Kroger Co/The	United States	Consumer Staples							●	
Kubota Corp	Japan	Industrials								●
Linde PLC	United Kingdom	Materials					●	●		
Lockheed Martin Corp	United States	Industrials								●
Marathon Petroleum Corp	United States	Energy								●
McDonald's Corp	United States	Consumer Discretionary							●	●
Mondelez International Inc	United States	Consumer Staples	✔		●		●	●		
PayPal Holdings Inc	United States	Information Technology				●		●		
POSCO	South Korea	Materials	✔	●						
Qatar National Bank QPSC	Qatar	Financials		●			●			
Regency Centers Corp	United States	Real Estate								●
Restaurant Brands International Inc	Canada	Consumer Discretionary							●	●
Rio Tinto Ltd	Australia	Materials		●			●			●
Starbucks Corp	United States	Consumer Discretionary								●
STERIS PLC	United States	Health Care								●
Suez SA	France	Utilities								●
Sumitomo Mitsui Financial Group Inc	Japan	Financials						●		●
Suncor Energy Inc	Canada	Energy		●		●				●
Thai Union Group PCL	Thailand	Consumer Staples						●		
Top Glove Corp Bhd	Malaysia	Health Care						●		
UDR Inc	United States	Real Estate								●
US Bancorp	United States	Financials								●
Valero Energy Corp	United States	Energy								●
Ventas Inc	United States	Real Estate								●
Wal-Mart de Mexico SAB de CV	Mexico	Consumer Staples		●	●			●	●	
Yum! Brands Inc	United States	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: ●

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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
Archer-Daniels-Midland Co	United States	Consumer Staples			●					
Assicurazioni Generali SpA	Italy	Financials								●
Associated British Foods PLC	United Kingdom	Consumer Staples						●		
Australia & New Zealand Banking Group Ltd	Australia	Financials		●						
Banco Bilbao Vizcaya Argentaria SA	Spain	Financials								●
Barclays PLC	United Kingdom	Financials	✔	●						
BlackRock Inc	United States	Financials								●
Bunge Ltd	United States	Consumer Staples			●		●			
Campbell Soup Co	United States	Consumer Staples							●	
Cenovus Energy Inc	Canada	Energy								●
Coca-Cola Co	United States	Consumer Staples							●	
ConocoPhillips	United States	Energy								●
Covivio	France	Real Estate		●				●		●
Danone SA	France	Consumer Staples					●	●		
Danske Bank A/S	Denmark	Financials	✔			●				●
DNB ASA	Norway	Financials	✔			●				●
Domino's Pizza Inc	United States	Consumer Discretionary								●
E.ON SE	Germany	Utilities		●						
eBay Inc	United States	Information Technology				●				●
Enel SpA	Italy	Utilities		●						
General Mills Inc	United States	Consumer Staples							●	
Hennes & Mauritz AB	Sweden	Consumer Discretionary						●		
Hess Corp	United States	Energy								●
Hologic Inc	United States	Health Care								●
Home Depot Inc/The	United States	Consumer Discretionary				●				●
Host Hotels & Resorts Inc	United States	Real Estate								●
Huntington Ingalls Industries 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:

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Name	Country	Sector	Priority company	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
				Themes engaged						
Industrial Bank Co Ltd	China	Financials		●						
Informa PLC	United Kingdom	Consumer Discretionary								●
ING Groep NV	Netherlands	Financials					●	●		
Intertek Group PLC	United Kingdom	Industrials								●
J Sainsbury PLC	United Kingdom	Consumer Staples							●	
JFE Holdings Inc	Japan	Materials		●				●		●
Kellogg Co	United States	Consumer Staples							●	
Keurig Dr Pepper Inc	United States	Consumer Staples							●	
Land Securities Group PLC	United Kingdom	Real Estate								●
L'Oreal SA	France	Consumer Staples						●		
Lowe's Cos Inc	United States	Consumer Discretionary								●
Malayan Banking Bhd	Malaysia	Financials		●						
Manulife Financial Corp	Canada	Financials		●		●				●
Marico Ltd	India	Consumer Staples						●		
Marks & Spencer Group PLC	United Kingdom	Consumer Discretionary						●		
MGM Resorts International	United States	Consumer Discretionary								●
Microsoft Corp	United States	Information Technology		●			●	●		●
Naspers Ltd	South Africa	Consumer Discretionary	✔							●
Nestle SA	Switzerland	Consumer Staples							●	
Newmont Corp	United States	Materials		●			●	●		●
Northrop Grumman Corp	United States	Industrials								●
PepsiCo Inc	United States	Consumer Staples							●	●
Phillips 66	United States	Energy								●
Puma SE	Germany	Consumer Discretionary						●		
Repsol SA	Spain	Energy		●						
Royal Dutch Shell PLC	Netherlands	Energy	✔	●						●
Schlumberger NV	United States	Energy								●
Schneider Electric SE	France	Industrials								●
Sempra Energy	United States	Utilities	✔	●	●					
Shinhan Financial Group Co Ltd	South Korea	Financials		●						●
Sun Life Financial Inc	Canada	Financials								●
Swedbank AB	Sweden	Financials		●						
Symrise AG	Germany	Materials								●
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	Information Technology								●
Target Corp	United States	Consumer Discretionary							●	
Teck Resources Ltd	Canada	Materials								●
Teledyne Technologies 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: ●

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Name	Country	Sector	Priority company	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
				Themes engaged						
Tesco PLC	United Kingdom	Consumer Staples					●	●		
Unilever PLC	United Kingdom	Consumer Staples					●	●		
VF Corp	United States	Consumer Discretionary								●
Wm Morrison Supermarkets PLC	United Kingdom	Consumer Staples								●
Wolters Kluwer NV	Netherlands	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: ●

Milestones and Your Fund

The table below highlights the companies with which we have recorded milestones on your behalf in the past quarter and which you currently hold within your portfolio. Milestones are engagement outcomes which we have identified and is rated on the extent to which it protects or enhances investor value. For full details of our engagements which led to one 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
★★★											
Chubu Electric Power Co Inc	Japan	Utilities		Bottom quartile	●						
CIMB Group Holdings Bhd	Malaysia	Financials		Top quartile	●						
Enel SpA	Italy	Utilities		Top quartile	●						
Glencore PLC	Switzerland	Materials		Third quartile	●						
HSBC Holdings PLC	United Kingdom	Financials		Second quartile	●						
JPMorgan Chase & Co	United States	Financials		Second quartile	●						
Newmont Corp	United States	Materials		Top quartile	●						
POSCO	South Korea	Materials	✔	Second quartile	●						
Tesco PLC	United Kingdom	Consumer Staples		Top quartile	●						
Tokyo Electric Power Co Holdings Inc	Japan	Utilities		Bottom quartile	●						
★★											
Bank of America Corp	United States	Financials		Second quartile	●						
BHP Group Ltd	Australia	Materials		Second quartile	●						
Citigroup Inc	United States	Financials		Top quartile	●						
Dominion Energy Inc	United States	Utilities		Second quartile	●						
GlaxoSmithKline PLC	United Kingdom	Health Care		Second quartile		●					
Inner Mongolia Yili Industrial Group Co Ltd	China	Consumer Staples		Third quartile	●						
McDonald's Corp	United States	Consumer Discretionary		Second quartile	●						
Novartis AG	Switzerland	Health Care		Third quartile		●					
Occidental Petroleum Corp	United States	Energy	✔	Third quartile	●						
Qatar National Bank QPSC	Qatar	Financials		Second quartile		●					
Tokyo Electric Power Co Holdings Inc	Japan	Utilities		Bottom quartile	●						
Unilever PLC	United Kingdom	Consumer Staples		Top quartile	●						

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	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Credit Suisse Group AG	Switzerland	Financials		●	●						
Halliburton Co	United States	Energy		●	●						
Tesco PLC	United Kingdom	Consumer Staples		●	●						
Unilever PLC	United Kingdom	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: ●

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Agenda Item 13

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