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

Date: Thursday, 9th September 2021

Committee:
Pensions Committee

Date: Friday, 17 September 2021
Time: 10.00 am
Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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

Members of the public will be able to access the live stream of the meeting by clicking on this link:

https://www.shropshire.gov.uk/pensionscommitteemeeting17september2021/

There will be some access to the meeting room for members of the press and public but this will be very limited in order to comply with Covid-19 regulations. If you wish to attend the meeting, please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.

Tim Collard
Interim Assistant Director – Legal and Democratic Services

Members of the Committee:
Thomas Biggins
Roger Evans
Simon Harris
Brian Williams

Co-opted Members (Voting):
Rae Evans
Carolyn Healy

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:
Mary Davies (SC)
Chris Schofield (SC)
Adrian Lawrence (T&W)
Malcolm Smith (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 Appointment of Vice-Chairman

To appoint a Vice-Chairman for the forthcoming year, following a change to the membership of the Committee since the last meeting.

3 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.

4 Minutes of the Previous Meeting

The minutes of the meeting held on 25 June 2021 are attached for confirmation, marked 4. (To Follow).

Contact: Amanda Holyoak (01743 257714)

5 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, 15 September 2021.

6 Third Line of Assurance: Internal Audit Outturn Report for Shropshire County Pension Fund 2020/21 (Pages 1 - 12)

The report of the Head of Audit is attached, marked 6.

Contact: Ceri Pilawski (01743 257739)

7 External Audit - The Audit Findings for Shropshire County Pension Fund 2020/21 (Pages 13 - 40)

The report of Grant Thornton is attached, marked 7.

Contact: Grant Patterson (0121 232 5296)

8 Pension Fund Annual Accounts 2020/21 (Pages 41 - 200)

The report of the Executive Director of Resources (Section 151 Officer) is attached, marked 8.

Contact: James Walton (01743 258915)

9 Focus Session: ESG, Responsible Investment and Engagement and Climate Strategy

Mr Patrick O'Hara, LGPS Central, will be in attendance to present this item.

10 Introduction to Setting a Climate Related Target

Ms Emily McGuire, Aon, will be in attendance to present this item.

11 Climate Change Strategy and Stewardship Plan (Pages 201 - 218)

The report of the Head of Treasury and Pensions is attached, marked 11.

Contact: Justin Bridges (01743 252072)

12 Corporate Governance Monitoring (Pages 219 - 338)

The report of the Investment Officer is attached, marked 12.

Contact: Ben Driscoll (01743 252079)

13 Investment Strategy Statement (Pages 339 - 360)

The report of the Head of Treasury and Pensions is attached, marked 13.

Contact: Justin Bridges (01743 252072)

14 Pensions Administration Monitoring (Pages 361 - 466)

The report of the Pensions Administration Manager is attached, marked 14.

Contact: Debbie Sharp (01743 252192)

15 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 Agenda Items 16 to 21 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.

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

The exempt minutes of the meeting held on 25 June 2021 are attached for confirmation, marked 16. (To Follow).

Contact: Amanda Holyoak (01743 257714)

17 Setting a Climate Related Target (Exempted by Category 3)

Ms Emily McGuire, Aon, will be in attendance to present this item.

18 Equity Protection Update (Exempted by Category 3)

Ms Emily McGuire, Aon, will be in attendance to present this item.

19 Investment Monitoring - Quarter to 30 June 2021 (Exempted by Category 3) (Pages 467 - 512)

The exempt report of the Head of Treasury and Pensions is attached, marked 19.

Contact: Justin Bridges (01743 252072)

20 Governance (Exempted by Category 3) (Pages 513 - 544)

The exempt report of the Pensions Administration Manager is attached, marked 20.

Contact: Debbie Sharp (01743 252192)

21 New Employers (Exempted by Category 3) (Pages 545 - 548)

The exempt report of the Pensions Administration Manger is attached, marked 21.

Contact: Debbie Sharp (01743 252192)

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Committee and Date	Item
Pension Committee 17th September 2021	Public

THIRD LINE OF ASSURANCE: INTERNAL AUDIT OUTTURN REPORT FOR SHROPSHIRE COUNTY PENSION FUND 2020/21

Responsible Officer Ceri Pilawski
e-mail: ceri.pilawski@shropshire.gov.uk@shropshire.gov.uk Telephone: 01743 257739

1. Summary

This annual report provides members with details of the work undertaken by Internal Audit for the year ended 31 March 2021. It reports on progress against the annual audit plan agreed with the Head of Treasury and Pensions. It also provides the Head of Audit's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes when considering the Public Sector Internal Audit Standards or Guidance, as required by the Accounts and Audit Regulations 2015.

Final performance has been good with 100% of the plan being delivered. The work has been undertaken on a remote basis because of the Coronavirus pandemic and we thank the staff of Shropshire Towns and Rural Housing for their assistance in ensuring all work could be delivered as planned.

Six good assurances were made in 2020/21. A total of five recommendations have been made in the six audit reports related to the year for Shropshire County Pension Fund. No fundamental recommendations have been raised in 2020/21.

In addition to the six internal audit reports issued to Shropshire County Pension Fund, we have also completed a piece of work on Governance for the Local Government Pension Scheme (LGPS) Central Pool. Under the terms of the agreement each member Authority must on a cyclical basis undertake a review of either the governance or investment controls of the pool. In 2020/21 Shropshire County Pension Fund met its obligations by providing audit time for review of the Governance structure. The results of this audit are reported to the LGPS Practitioners Advisory Forum and Internal Audit Working Group and have no impact on the control environment within the Shropshire County Pension Fund.

Based on the work undertaken and Pension Fund management responses received; the Pension Fund's governance, risk management

and internal control processes are sound and working effectively and the Head of Audit can deliver a substantial year end opinion on the Fund's internal control environment for 2020/21.

2. Decisions

The Committee are asked to consider and endorse, with appropriate comment;

a) Performance against the Audit Plan for the year ended 31 March 2021.

b) The Head of Audit's substantial year end opinion on the Fund's internal control environment for 2020/21 is based on the work undertaken, assurance from the Employer in respect of compensating controls within their financial reconciliation systems whilst a long term solution is delivered and Pension Fund management responses received.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 The delivery of a risk based Internal Audit Plan is an essential part of ensuring probity and soundness of the Pension Fund's financial, governance and risk management systems and procedures and is closely aligned to the risk register. The Plan is delivered in an effective manner; where Internal Audit independently and objectively examines, evaluates and reports on the adequacy of the control environments as a contribution to the proper economic, efficient and effective use of resources. It provides assurances on the governance, risk management and internal control systems, by identifying areas for improvement or potential weaknesses and engaging with management to address these in respect of current systems and during system design. Failure to maintain robust internal controls create an environment where poor performance, fraud, irregularity and inefficiency can go undetected leading to financial loss and reputational damage.

3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015.

3.3 There are no direct environmental, equalities or climate change consequences of this proposal.

3.4 Internal Audit customers are consulted on the service that they receive, feedback from which is included in this report and continues to be positive.

4. Financial Implications

4.1 The Internal Audit plan is delivered within approved budgets; the work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the Pension Fund.

5. Climate Change Appraisal

5.1 This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. Therefore, no effect.

6. Background

6.1 This report is the culmination of the work of the Internal Audit team during 2020/21 and seeks to:

- Provide an opinion on the adequacy of the risk management, control and governance arrangements;
- Inform the review of an effective Internal Audit by providing performance data against the plan.
- Confirm to the Pension Committee that the Audit service has been delivered free from interference throughout the year.

6.2 The requirement for Internal Audit derives from local government legislation, including section 151 of the Local Government Act 1972 which requires the Pension Fund to plan for the proper administration of its financial affairs. Proper administration includes Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

6.3 The Public Sector Internal Audit Standards (PSIAS) define the scope of the annual report on internal audit activity. The annual report must incorporate an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This annual report provides information to support that assessment and that an effective Internal Audit is established at Shropshire County Pension Fund, in accordance with the requirements of the 2015 Accounts and Audit Regulations. The Internal Audit Service is provided by Shropshire Council. 0n 30th July 2021, a paper was presented to Shropshire Council's Audit Committee which provides assurance on the effectiveness of the Internal Audit service, against the PSIAS. The Pension Committee can take assurance from this report.

6.4 Internal Audit operates a strategic risk based plan. The plan is reviewed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk, this results in a comprehensive range of audits undertaken in the year, to support the overall opinion on the control environment.

Annual Internal Audit Opinion from Internal Audit Work undertaken during 2020/21

6.5 It is the responsibility of Shropshire County Pension Fund to develop and maintain the internal control framework. In undertaking its work, Internal Audit has a responsibility under the Public Sector Internal Audit Standards to deliver an annual internal audit opinion and report. The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the Pension Fund's framework of governance, risk management and internal control. This opinion plays a key part in enabling the Pension Committee to deliver their annual assurance statement to stakeholders.

6.6 The results of individual audits, when combined, form the basis for the overall opinion on the adequacy of the Pension Fund's internal control systems. No system of internal control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that absolute assurance. The work of Internal Audit is intended only to provide reasonable assurance on governance, risk management and controls based on the work undertaken. In assessing the level of assurance to be given, I have considered:

- The work undertaken on the fundamental systems. Whilst identifying a small number of areas where minor improvement can be made, identified no significant material weaknesses that the Service has control over that could result in a material misstatement in the Pension Fund's accounts and reliance can be placed upon the systems.

6.7 These assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested.

6.8 ***Based on the work undertaken and Pension Fund management responses received; the Pension Fund's governance, risk management and internal control processes are sound and working effectively and the Head of Audit can deliver a substantial year end opinion on the Fund's internal control environment for 2020/21.***

Key Assurances provided during 2020/21

6.9 Audit assurance opinions are awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows:

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a

	sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key control.
Unsatisfactory	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-compliance with the controls that do exist. This exposes the Council to high risks that should have been managed.

Audit assurance opinions delivered in 2020/21

Audit	Opinion	Direction of Travel
Corporate Governance	Good	No Change
Risk Management	Good	No Change
Pension Fund Monitoring	Good	No Change
Investment Managers Internal Control Reports	Good	No Change
Pensions Administration	Good	No Change
Altair Application	Good	No Change

6.10 A summary of the six final audit reports issued in 2020/21 are listed at **Appendix A**.

6.11 Audit recommendations are also an indicator of the effectiveness of the Pension Fund's internal control environment and are rated according to their priority:

Best Practice (BP)	Proposed improvement, rather than addressing a risk.
Requires Attention (RA)	Addressing a minor control weakness or housekeeping issue.
Significant (S)	Addressing a significant control weakness where the system may be working but errors may go undetected.
Fundamental (F)	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

6.12 A summary of the level of assurance for each fundamental review area together with the number of recommendations made is shown in the table below.

6.13 A total of five recommendations have been made in the six audit reports issued in the year; these are broken down by audit area in the table below.

Audit opinion and recommendations made on 2020/21 audits

System	Level of Assurance Given	Number of Recommendations made				
		BP	RA	S	F	Total
Corporate Governance	**Good**	0	0	0	0	0
Risk Management	**Good**	0	0	0	0	0

System	Level of Assurance Given	Number of Recommendations made				
		BP	RA	S	F	Total
Pension Fund Monitoring	**Good**	0	1	0	0	1
Investment Managers Internal Control Reports	**Good**	0	0	0	0	0
*Pensions Administration	**Good**	0	4	0	0	4
Altair Application	**Good**	0	0	0	0	0
Totals		**0**	**5**	**0**	**0**	**5**
Percentage		**0%**	**100%**	**0%**	**0%**	**100%**

* Note that the Pensions Administration and the Pensions Administration Transfers in and out audits were presented as one amalgamated report.

6.14 Six good assurances were issued during the financial year. In each case positive responses have been received by management and will be followed up next year to determine whether satisfactory action has been taken.

6.15 The Internal Audit team has achieved 100% of the plan which is in line with its target.

6.16 It is management's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. No recommendations have been rejected in the year by management.

6.17 Of the five recommendations made, all were rated as requires attention designed to add value to the high level of controls in place and reflecting a low level of risk. This reflects the experience and diligence of the staff in the team, with no significant or fundamental recommendations resulting from the audits performed.

Audit Performance

6.18 Audit Performance is demonstrated by measuring achievement against the plan, ensuring compliance against the Public Sector Internal Audit Standards (PSIAS), and evaluating improvements made over the last twelve months. A public report of effectiveness against the PSIAS is made annually to the Shropshire Council, July Audit Committee. Shropshire Council Audit Service are also externally reviewed every five years for compliance with the PSIAS and passed the review undertaken by CIPFA in November 2016. The effectiveness of Internal Audit is further reviewed directly by customers as they provided responses to surveys sent out after each audit.

Reporting

6.19 All Internal Audit work is reviewed by a senior auditor to ensure it complies with Internal Audit's standards and that the recommendations made are supported by the work undertaken before any audit reports are issued. This is a fundamental part of ensuring audit quality and that clients receive reports

which are both informative, useful and add value to their work processes and procedures.

6.20 All audit assignments are subject to formal feedback to management. Draft reports are issued to the managers responsible for the area under review for agreement to the factual accuracy of findings and recommendations. After agreement, a formal implementation plan containing management's agreed actions and comments is issued to relevant officers. Follow up reviews capture evidence of implementation of recommendations.

Quality Assurance/Customer Feedback Survey

6.21 A customer feedback survey form is sent out with the all audits completed. These provide key feedback on the quality of audit service in relation to several areas, which are shown in the table below.

6.22 The surveys are part of ensuring the work meets our client expectations and that the quality of audit work is maintained. Four survey forms were returned; the results are identified in the table below.

Customer Feedback Survey Forms - percentage of excellent and good responses

Item Being Scored	2020/21
Pre-audit arrangements	100%
Post-audit briefing	100%
Audit coverage/scope of the audit	100%
Timeliness of production of report	100%
Accuracy and clarity of report	100%
Practicality of recommendations	100%
Professionalism of approach, competence	100%
Communication skills, pleasant manner	100%
Timeliness of audit to your business process	100%
Number of forms returned	4

6.23 The results are pleasing and used to inform the training and development of auditors in their role.

6.24 In addition to surveys, regular meetings are held with the Head of Treasury and Pensions and the Scheme Administrator which allow any performance issues to be reviewed at that time. Internal Audit have continued to introduce new auditors to the Pension Fund to ensure that auditors can be rotated in line with the Public Sector Internal Audit Standards (PSIAS) and that Internal Audit are able to continue to offer a professional high-quality service going forward. The information received from surveys is used both to improve techniques

overall within the team and at annual performance appraisals to identify future development focus relating to individual skills or competences.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Pension Fund Internal Audit Plan Public Sector Internal Audit Standards Accounts and Audit Regulations 2015
Cabinet Member (Portfolio Holder) N/A
Local Member - N/A
Appendices Appendix A - Summary of Findings from Pension Fund Audit Reports 2020/21

APPENDIX A

Summary of Findings from Pension Fund Audit Reports 2020/21

1. ***Pension Fund Investment Managers Monitoring*** - This area is reviewed on an annual basis reviewing Pension Fund Investments using established documentation and testing.

The audit concentrated on key controls in the following areas:

- Previous recommendations have been implemented.
- Investment of the fund complies with statute, regulations and any restrictions specified.
- Appropriate control is exercised over fund managers.
- Transactions undertaken by Fund Managers are independently recorded and verified.
- Appropriate accounting entries are made and fund balances are reflected in the accounting system.
- Relevant management information is provided to strategic management.
- Information is secure and satisfactorily controlled.
- Personal data is processed in a secure and controlled manner in line with internal policy and legislation.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

One minor exception was noted against which management have provided a positive response.

Assurance Level: Good

2. ***Pensions Administration (Including Transfers In and Out)*** – This area is reviewed on an annual basis. The audit concentrated on the following objectives:

- Recommendations made in the previous Pensions Administration Audit have been implemented as agreed.
- The Officers responsible for administering the fund have enough resources, skills and access to policies and procedures to effectively process transactions and manage the fund.
- In accordance with regulations, if a new employee is required to join the scheme they are identified promptly and recorded accurately as members.
- Contributions received to the fund including, those from employees and employers are recorded accurately and promptly.
- Benefits paid are calculated correctly and paid to eligible persons. Changes are appropriately authorised and processed correctly.

- Pension payments made on the payroll are processed accurately, in a timely manner and are authorised appropriately.
- Fund members leaving the scheme have their deferred pension recorded accurately and any payments made from the scheme to leavers (other than normal pensions) are accurate and appropriately authorised.
- Transfers In and Out of the scheme are calculated correctly, actioned promptly and authorised appropriately.
- Procedures to ensure that administrative costs associated with the scheme are in accordance with the budget and any costs due to the fund are recovered accurately and promptly.
- Ledger control accounts associated with the scheme are reconciled accurately and on a regular and timely basis.
- There is an appropriate process in place to ensure all complaints are actioned in accordance with the Internal Dispute Resolutions Policy.
- Management and performance information is accurate, timely and relevant
- Personal data is processed in a secure and controlled manner in line with internal policy and legislation.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

Seven previous recommendations were followed up; of these, good progress has been made in the implementation of four, with one partially implemented and two outstanding. Recommendations that remain outstanding have been repeated and are included within the recommendations in the report. Management have provided positive responses to all recommendations.

Assurance Level: Good

3. ***Risk Management –*** The audit looks to ensure there are appropriate risk management processes in place in respect of the Pension Fund. It concentrated on the following objectives:

- Risks arising from business strategies and activities are identified and prioritised and management and the Pensions Committee have determined the level of risk acceptable to the organisation.
- Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management and the Pensions Committee.
- Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.
- The Pensions Committee and management receive periodic reports of the results of the risk management process.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

No recommendations were raised in this review.

Assurance Level: Good

4. ***Corporate Governance*** –The audit looks to ensure there are appropriate governance processes in place in respect of the Pension Fund. It concentrated on the following objectives:

- The recommendations made in the previous audit have been implemented as agreed.
- The Pensions Committee has met the roles and responsibilities as defined in CIPFA best practice guidelines (Oct 2013).
- The Governance of the Pension Fund is in line with the Pension Regulators Code of Practice issued in April 2015.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

No recommendations were raised in this review.

Assurance Level: Good

5. ***Review of Investment Managers Internal Control Reports*** – This annual review provides assurance on the security and management of the Pension Funds' investments, based upon the information provided in AAF 01/06, SOC1 and SSAE16 reports, which are subject to External Audit review. In addition, there are some fund managers who are not required to produce these reports and tailored self-assessment questionnaires are sent to them for completion. The review is performed after the financial year end, when the most up to date reports are available. Reports are reviewed in the first instance by Treasury staff, who seek explanations of any areas where there appear to be weaknesses or concerns in the reports. Following the receipt of these responses, the reports are subject to a second, independent, review by Internal Audit. Audit work concentrated on the following objectives:

- Previous audit recommendations have been implemented.
- The most recent internal control reports have been received for all fund managers who are required to produce SOC1, SSAE16 or AAF01/06 reports.
- Back office provider reports have been obtained and reviewed.
- Fund Managers have confirmed that they maintain comprehensive procedure notes.
- Fund Managers have confirmed that they have appropriate insurance arrangements in place with adequate liability cover.

- Internal Control Questionnaires have been completed by the Fund Managers who are not required to produce control reports.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

No recommendations were raised in this review.

Assurance Level: Good

6. ***Altair Application*** – To confirm that the Pension Administration system, Altair is operating as required and in line with external and internal policies and procedures. Audit work concentrated on the following objectives:

- To ensure that the system complies with all external legislation and regulations.
- To ensure the system and administrative processes are adequately documented.
- To ensure that the application authentication and authorisation mechanisms are secure.
- To ensure that users have received the required training.
- To ensure that application parameter data is correct, updated in a timely manner and access is restricted.
- To ensure that data is accurately input, and the authenticity of the data input is subject to validation processes.
- To ensure that data is processed in a timely manner and controls are in place to ensure that completeness and accuracy of processing is maintained.
- To ensure that output is secure, accurate and reaches the intended recipient in a timely manner.
- To ensure that there are continuity processes in place to ensure system availability.
- To ensure that management/audit trails are in place.
-

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

No recommendations were raised in this review.

Assurance Level: Good

Grant Thornton

The Audit Findings for Shropshire County Pension Fund

Year ended 31 March 2021

Contents

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1. Headlines
2. Financial statements
3. Independence and ethics

Appendices

A. Action plan
B. Audit adjustments
C. Fees
D. Audit Opinions

Your key Grant Thornton team members are:

Grant Patterson
Key Audit Partner
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Terry Tobin
Senior Audit Manager
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Elliot Baker
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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 planning 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 the Pension Fund or all 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.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Shropshire County Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2021 for those charged with governance.

Under the Council's governance arrangements the Audit Committee are determined to be 'Those Charged with Governance' but we have determined to communicate with the Pensions Committee given its role in oversight of the production of the Pension Fund Annual Report (including the financial statements).

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We received the Pension Fund's draft Annual Report, including the draft accounts, on 5 July 2021. The receipt of the draft Annual Report is ahead of many other pension funds and was before the Council published its Statement of Accounts, which include the pension fund accounts, on 31 July 2021.

Our audit work was completed remotely during June to August. Our findings are summarised on pages 4 to 14. We have identified one adjustment to the financial statements included within the draft Annual Report received on 5 July 2021 that resulted in a £45 million adjustment to the Pension Fund's Fund Account and Net Asset Statement balances at 31 March 2021. This amendment was processed within the Council's Statement of Accounts before they were published on 31 July 2021.

Audit adjustments are detailed in Appendix B. We set out a recommendation in relation to this in Appendix A.

Our work is now substantially complete and there are no matters of which we are aware that would require modification of our audit opinions [Appendix D] or further material changes to the financial statements, subject to the following outstanding matters:

- receipt of a signed management representation letter; and
- review of the final set of financial statements and Annual Report.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

We have identified:

- £6.8m of valuation differences between the accounts and final fund manager statements (pages 9 and 19) and,
- a £1.6m extrapolated uncertainty in respect of benefit payments (page 19).

The sums are not material individually or in aggregate. Management are proposing not to adjust for the valuation differences on the basis that they do not materially affect the financial statements. The extrapolated uncertainty cannot be adjusted for and is also not material.

The Audit Committee will be asked to confirm its agreement with management's proposal not to adjust through the Letter of Representation. The Pensions Committee is asked to confirm its agreement as part of its reporting to the Audit Committee.

In addition, we identified some changes to disclosure notes and in particular the fair value basis of valuation at note 14 where this was amended to better describe the basis of valuation of some funds and also change the fair value category for some funds (with some pooled funds changing from Level 1 to Level 2)

Our anticipated audit report opinion at this stage will be unmodified.

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2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Pensions Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you in June 2021.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing unqualified audit opinions on the financial statements and the Annual Report following the Pensions and Audit Committee meetings in September 2021, as detailed in Appendix D. These outstanding items include:

- receipt of a signed management representation letter; and,
- review of the final set of financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the good assistance provided by the Treasury and Pension Team staff. The impact of the pandemic has meant that both your team and our audit team faced audit challenges again this year and both teams have had to operate virtually.

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2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan. We detail in the table below our determination of materiality for the Pension Fund.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	20m	We determined materiality for the audit of the Fund's financial statements as a whole to be £20m, which is approximately 1% of the Fund's net assets as at 31 March 2021. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in security and value of its assets.
Performance materiality	15m	We have determined £15m (75% of materiality) to be an appropriate level for Performance Materiality. The Fund has a stable, experienced team with no history of accounting issues and this continues to be the case.
Trivial matters	1m	We deem matters below 5% of materiality to be sufficiently trivial not to warrant drawing to the attention of the Committee

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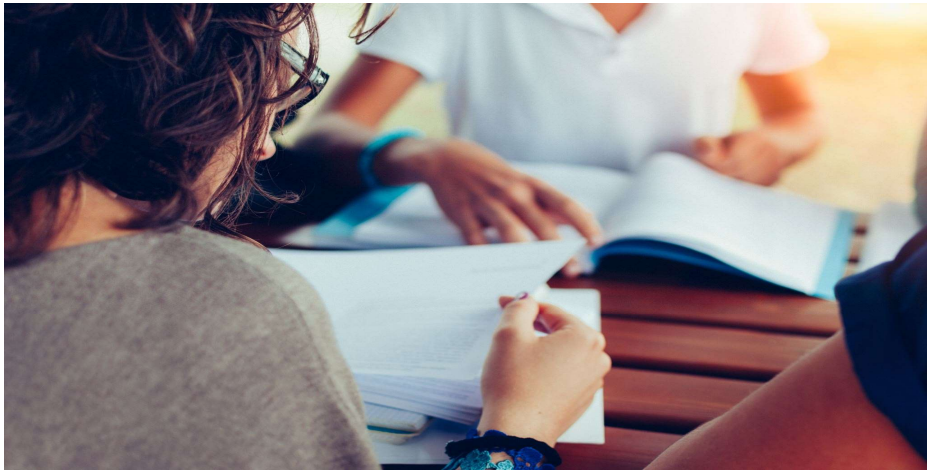
2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumed risk that management override of controls is present in all entities. The Fund faces external scrutiny of its spending and stewardship of assets and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement	We : - evaluated the design effectiveness of management controls over journals; - analysed the journals listing and determined the criteria for selecting high risk unusual journals; - tested high risk and unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; - gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence; and - evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. Our audit work has not identified any significant issues in respect of revenue recognition.



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2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Improper revenue recognition Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. As external auditors in the public sector, we are also required to give regard to Practise Note 10, which interprets the ISA in a public sector context and directs us to consider whether the assumption also applies to expenditure.	Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue and expenditure recognition can be rebutted, because: - there is little incentive to manipulate revenue and expenditure recognition - opportunities to manipulate revenue and expenditure recognition are very limited; and - the culture and ethical frameworks of local authorities, including the administering authority for the Fund, Shropshire Council, mean that all forms of fraud are seen as unacceptable. Therefore we do not consider this to be a significant risk for Shropshire Pension Fund. There are no changes to our assessment reported in the audit plan. Our audit work has not identified any issues in respect of revenue recognition.
Valuation of Level 3 investments The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature required significant degree of judgement to reach an appropriate valuation at year end. We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	We : • Evaluated management's processes for valuing Level 3 investments • Reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investment to ensure that the requirements of the Code are met; • Independently requested year-end confirmations from investment managers, with an additional focus on ensuring use of appropriate International Private Equity and Venture Capital Valuation (or equivalent) methodology in their valuation books, updated for most recent available guidance in relation to Covid-19; • For a sample of investments, tested the valuation by comparing the valuation per the General Ledger (typically based on an investor statement as at the reporting date or, in the case of harder to value assets, the latest capital statement available adjustment for known cash movements in the final quarter of the year) to direct confirmation of capital balances from Investment Managers and, where available, latest audited financial statements; • Analysed the Fund's holdings by sector, applying an additional layer of professional scepticism and challenge in relation to any assets with potential exposure to the pandemic or economic impact of Brexit. Our work identified that the actual value as at 31 March 2021 for the HarbourVest private equity fund had risen by £45 million from that estimated in the accounts. The final capital statement was not available when the pension fund accounts presented for audit were closed down. This amendment was processed within the Council's Statement of Accounts before they were published on 31 July 2021.

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2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 3 Investments	The Pension Fund has investments in unquoted investments and pooled investments that in total are valued on the balance sheet as at 31 March 2021 at £364m. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management rely on the valuations provided by the general partners to the private equity funds which the Fund invests in.	Management determine the value of Level 3 Investments through placing reliance on the expertise of the investment managers. As such we have sought confirmations of year end valuations from all main mandate managers. We have also tested a sample of Level 3 investments to audited accounts and final capital statements to determine if the values estimated are reasonable. Please see our findings on page 7 where we identified a material (£45m) change in the final value of a private equity fund from the estimated value in the accounts..	Purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

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2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 2 Investments	The Pension Fund has investments in unquoted bonds and pooled investments that in total are valued on the balance sheet as at 31 March 2021 at £162m. The investments can not be easily reconciled to valuations recorded on an open exchange / market as the valuation of the investments involves some subjectivity. In order to determine the value, management rely on the information which they are given from the various fund managers.	Management determine the value of Level 2 Investments through placing reliance on the expertise of the various fund managers. As such we have sought independent confirmations of year end valuations from all main mandate managers and also tested a sample of unit values used to value Level 2 investments to externally quoted information sources, or where not quoted, to unit values provided by the investment manager's own independent custodian. As in previous years the Fund estimated the year end value of Global Infrastructure Partners and Aberdeen Property Investors as the final 31 March statements are not received when closing accounts down. As set out in Appendix B we have identified valuation differences between the accounts and that shown on 31 March 2021 fund capital statements. In many cases this was due to timing differences in estimated and actual values. Fund manager statements were £6.8m higher in value than that shown in the accounts. The difference is significantly below our materiality and management have determined not to adjust for it. We have found no other issues with this testing and are satisfied that the estimate is appropriately disclosed in the accounts.	Light Purple

Assessment

- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

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2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Pensions Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Pension Fund, which is included in the Committee papers.

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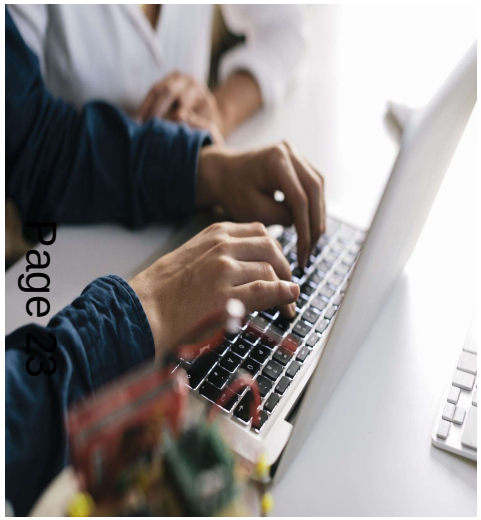
2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested direct confirmations from the custodian and all main mandate fund managers, plus a sample of managers for alternative investments for investment balances. We have received confirmations from managers.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Some adjustments were made to disclosures as set out in Appendix B.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

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2. Financial Statements - other communication requirements

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Pension Fund and the environment in which it operates • the Pension Fund's financial reporting framework • the Pension Fund's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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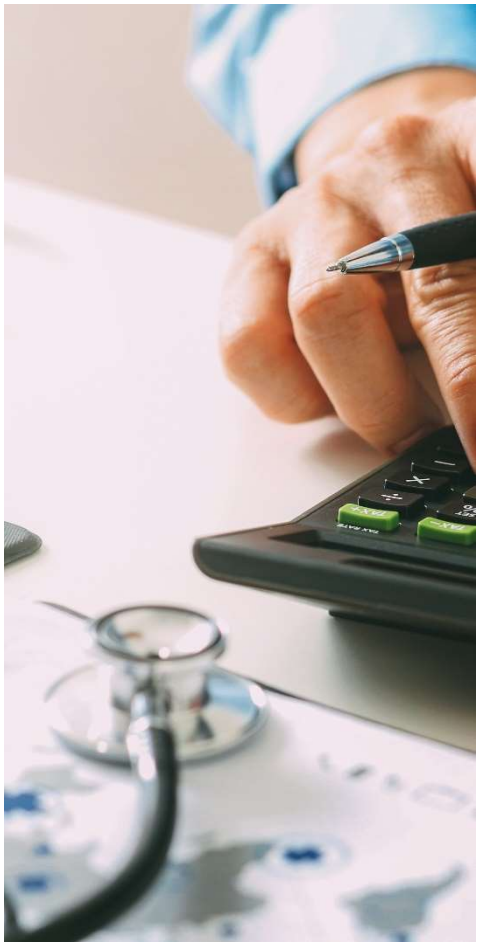
2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Disclosures	No inconsistencies have been identified/Inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix D
Matters on which we report by exception	We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We propose to issue our 'consistency' opinion on the Pension Funds Annual Report shortly.



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3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Transparency report 2020 (grantthornton.co.uk)

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3. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. We set out below the non-audit services were identified which were charged from the beginning of the financial year to the current date, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related	none		
Non-audit Related			
IAS19 Assurance letters for Admitted Bodies	5,000 (2020/21) and 3,000 (2019/20)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work was £3,000 (in 2019/20) in comparison to the total fee for the audit of £30,289 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. All services have been approved by the Pensions Committee. None of the services provided are subject to contingent fees.

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Appendices

A. Action plan – Audit of Financial Statements

We have identified a recommendation for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendation with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	There was a difference between the estimated value of the HarbourVest private equity fund and the actual value included in the final capital statement of £45 million. The estimate had been based on a roll forward from the 30 September 2020 capital statement. After we raised this, an amendment was processed within the Council's Statement of Accounts before they were published on 31 July 2021.	Explore ways to improve estimation techniques to enhance the accuracy of the valuation of fund assets in the accounts in future years. Management response The draft accounts are prepared in early June in order to meet the Council's closedown timetable. The latest Harbourvest valuations available at that date are the September valuations. The March valuations are not received by the Fund until mid-July. When they were received this year, due to the large increase in value of £45m which is very positive news for the Fund, the accounts were updated to reflect the updated position before they were presented to Audit Committee and signed off by the Executive Director of Resources at the end of July as part of the Council's Statement of Accounts. Fund Officers have asked Harbourvest if valuations can be provided any earlier in future years but this is unachievable. There is always a difference between estimates and actuals at the year-end but this year the increase was higher than normal due to the strong bounce back in equity markets following the global pandemic.

Controls

- ● High – Significant effect on financial statements
- ● Medium – Limited Effect on financial statements
- ● Low – Best practice

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B. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Pension Fund Account £	Net Asset Statement £	Impact on total net assets £
Increase in valuation of HarbourVest private equity fund to reflect actual 31 March 2021 valuation.	45m	45m	45m
Overall impact	45m	45m	45m

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Adjusted?
Note 14 fair value-basis of valuation. This was amended to better describe the basis of valuation of some funds and also change the fair value category for some funds (with some pooled funds changing from Level 1 to Level 2)	✓
Note 4 critical judgements in applying accounting policies . This note was revised to reduce judgements to only those critical to the accounts.	✓
The Annual Report was amended to include external audit fees payable for 2020/21.	✓
There were a few other minor amendments were made to correct typing and rounding errors and the format of statements	✓

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B. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The Pensions Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000	Reason for not adjusting
Total remaining differences between value of investment assets shown in the accounts and that shown on 31 March 2021 fund capital statements. In many cases this was due to timing differences in estimated and actual values. Fund manager statements were £6.8m higher in value than that shown in the accounts.	6,800	6,800	6,800	Not material.
We were unable to completely verify three benefit calculations due to the additional evidence being stored on microfiche at Shire Hall and officers not having access to this currently. The value of these elements of the payments was extrapolated to demonstrate the error was not material to the accounts. The total extrapolated value of reduction is shown here.	1,624	1,624	1,624	Based on extrapolation which was not material

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C. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

		Proposed Fee 2020/21	Final Fee 2020/21
Shropshire Pension Fund Audit PSAA Scale Fee		£18,039	£18,039
Raising the Bar/Regulatory Factors	£2,800		
Valuation of Level 3 Investments	£1,450		
On-going 2019/20 Fee Variation		£4,250	£4,250
Impact of ISA 540 on PSAA Scale Fee		£6,000	£6,000
Impact of ISA 240/700 on PSAA Scale Fee		£2,000	£2,000
Total audit fees for Pension Fund Audit (excluding VAT)		£30,289	£30,289

Per Note 7 to the Pension Fund accounts the narrative note explains the difference between the £22k within the financial statements and the audit fee proposed. Non-audit fees are recharged to employers and not separately disclosed.

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services	0	0
Other [IAS19 letters to auditors in 2020/21]	£5,000	£5,000
Total non-audit fees (excluding VAT)	£5,000	£5,000

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D. Audit opinion

Our audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

Independent auditor's report to the members of Shropshire Council on the pension fund financial statements of Shropshire County Pension Fund

Opinion

We have audited the financial statements of Shropshire County Pension Fund (the 'Pension Fund') administered by Shropshire Council (the 'Authority') for the year ended 31 March 2021 which comprise the Pension Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Executive Director of Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Executive Director of Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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D. Audit opinion

Our audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

In auditing the financial statements, we have concluded that the Executive Director of Resources' use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

The responsibilities of the Executive Director of Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Executive Director of Resources and Those Charged with Governance for the financial statements' section of this report.

Other information

The Executive Director of Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements, our auditor's report thereon, and our auditor's report on the Authority's and group's financial statements. Our opinion on the Pension Fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Pension Fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund's financial statements or our knowledge of the Pension Fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Pension Fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund's financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

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D. Audit opinion

Our audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

Responsibilities of the Authority, the Executive Director of Resources and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 16 the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Resources. The Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Executive Director of Resources is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Pension Fund will no longer be provided.

The Audit Committee is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Public Service Pensions Act 2013, The Local government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- We enquired of senior officers and the Pensions Committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Pensions Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

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D. Audit opinion

Our audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to:

  - journal entries posted by senior officers, with no description and post year end;

  - the valuation of level 3 investments

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Executive Director of Resources has in place to prevent and detect fraud;
  - journal entry testing;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of level 3 investments;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition,

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government pensions sector
  - understanding of the legal and regulatory requirements specific to the Pension Fund including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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D. Audit opinion

Our audit opinion is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

September 2021

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D. Audit opinion

Our audit opinion on consistency of pension fund accounts in the Council's financial statements is included below. We anticipate we will provide the Pension Fund with an unmodified audit report

Independent auditor's report to the members of Shropshire Council on the consistency of the pension fund financial statements of Shropshire County Pension Fund included in the Pension Fund Annual Report

Opinion

The pension fund financial statements of Shropshire County Pension Fund (the 'pension fund') administered by Shropshire Council (the "Authority") for the year ended 31 March 2021 which comprise the Fund Account, the Net Assets Statement and the notes to the pension fund financial statements, including a summary of significant accounting policies are derived from the audited pension fund financial statements for the year ended 31 March 2021 included in the Authority's Statement of Accounts (the "Statement of Accounts").

In our opinion, the accompanying pension fund financial statements are consistent, in all material respects, with the audited financial statements, in accordance with proper practices as defined in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 and applicable law.

Pension Fund Annual Report – Pension fund financial statements

The Pension Fund Annual Report and the pension fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated

Executive Director of Resources' responsibilities for the pension fund financial statements in the Pension Fund Annual Report

Under the Local Government Pension Scheme Regulations 2013 the Executive Director of Resources of the Authority is responsible for the preparation of the pension fund financial statements, which must include the Fund Account, the Net Asset Statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report are set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 20120/21.

Auditor's responsibility

Our responsibility is to express an opinion on whether the pension fund financial statements in the Pension Fund Annual Report are consistent, in all material respects, with the audited pension fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

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Grant Thornton

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Committee and Date	Item
Pensions Committee	8
17 September 2021	Public
10.00am	

PENSION FUND ANNUAL ACCOUNTS 2020/21

Responsible Officer James Walton
e-mail: james.walton@shropshire.gov.uk Tel: (01743) 258915

1. Summary

1.1 The report provides Members with the Shropshire County Pension Fund Annual Report 2020/21 and an update on the annual audit. Grant Thornton has completed its annual audit and an unqualified opinion has been given.

2. Recommendations

2.1 The Committee is asked to approve the Pension Fund Annual Report 2020/21.

2.2 The Committee is asked to approve that the Chair and Executive Director of Resources sign the letter or representation for Grant Thornton.

REPORT

3. Risk Assessment and Opportunies 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 There are no direct environmental, equalities or climate change consequences of this proposal.

3.4 The Annual Report 2020/21 will be published on the Scheme's website.

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.

6. Background

6.1 Following the end of the financial year officers compiled the Pension Fund accounts for 2020/21. The annual report has been produced which outlines the accounts and details the activities of the Fund during the last year **(Appendix A).**

6.2 Grant Thornton have completed the audit of the accounts for the Shropshire County Pension Fund and an opinion and certificate is included within the annual report. An unqualified opinion has been given on the accounts.

6. Annual Accounts

6.1 In the year to the end of March 2021 the Fund increased in value by £363 million to £2.194 billion.

6.2 Due to the tight deadlines involved in producing the draft accounts by early June in line with the Council's closedown timetable the private equity portfolio valuation (managed by HarbourVest) used in the final accounts is based on September quarterly capital statements adjusted for cashflows to 31st March 21 as these are the latest statements available at that time. During the audit, the 31st March 21 capital statements became available in mid July, and it was noted that the value of the private equity fund had increased significantly compared the value stated in the draft accounts sent to Grant Thornton. Due to materiality of the figure involved (£45m), the Pension Fund accounts have been amended. The revised Pension Fund accounts were included in the Council's accounts prior to the 31st July 21 deadline before being signed off by the Executive Director of Resources.

6.3 During the course of the audit, Grant Thornton reviewed in detail the fair value hierarchy of investments. Easier to value investments are classified as level 1 through to level 3 for harder to value investments and each of the Fund's investment manager classifications were reviewed in detail and the classifications agreed which are included within the accounts (see Annual Report note 14a).

6.4 During the year the Fund received £16.5 million in contributions from employees and £70.0 million in contributions from scheme employers.

6.5 The last financial year continued to see an increase in the total number of scheme members. Total scheme membership increased by 0.6% to 50,144 during the year.

6.6 Local Government employees who leave employment have the option to transfer out their accumulated pension benefits. During the last financial year, the Fund paid out £20.0 million in transfer payments for staff leaving employment. This figure is significantly higher than the previous year as it includes bulk transfer payments out of all employee accumulated benefits for two employers. Conversely, new employees have the ability to transfer in accumulated benefits from previous employment. The Fund received £5.3 million in transfer payments from new employees during the financial year.

6.7 In 2020/21 the Fund paid pensions totalling £64.8 million, an increase of £2.5 million on the previous year. This is due to an increase in the number of pensioners during the year.

6.8 Management expenses in 2020/21 totalled £17.8 million, an increase of £0.1 million from the previous year.

6.9 A full analytical review of the Pension Fund Accounts was carried out by officers and passed to Grant Thornton in advance of their audit. The audit was completed by the end of August 2021.

6.10 The Annual Report will be available to all scheme employers, investment managers, advisors and scheme members as it will be published on the pension fund website.

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

N/A

Cabinet Member

N/A

Local Member

N/A

Appendices

A. Shropshire County Pension Fund Annual Report 2020/21.

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Annual report 2020/21

Shropshire County Pension Fund

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Introduction

Welcome to the 2020/21 annual report and accounts of the Shropshire County Pension Fund

This year's fund information

£363 million
Fund value increase

£2.194 billion
Total fund value

20.1%
Fund value increase

5.8%
Above benchmark

The Shropshire Fund increased in value by £363 million in 2020/21 to be valued at £2.194 billion at the end of the year. The Fund increased in value by 20.1% over the year and outperformed against its benchmark by 5.8%. The impact of COVID-19, in the last quarter of the 2019/20 financial year, had a major impact on financial markets across the world but they bounced back strongly during 2020/21 resulting in the significant increase in the Fund value during the year.

The reason fund performance was above benchmark for this year was largely due to the strong rebound in equity markets with both active equity managers producing significant returns. The infrastructure portfolio continued to be impacted by COVID-19 producing negative below benchmark returns during the year.

The Shropshire Fund had positive investment returns in a number of asset classes. The strongest returns were generated in active global equity significantly increasing in value by 47.9%. The Private Equity portfolio also generated strong returns of 41.7%. The Fund's UK equity manager produced strong returns of 33.1% and the global passive equity portfolio increased in value by 21.1%. Property delivered returns of 3.7% but the Fund's Infrastructure manager produced negative returns of 11.3% due to the impact of COVID-19 on valuations with airports and freight rail particularly impacted.

The Pensions Committee determine the strategic asset allocation for the fund. This outlines the proportion of assets that the fund invests in equities, bonds and alternative assets such as property and infrastructure. This is the most important decision that the committee makes because it has the biggest impact on the long term returns of the fund. The committee undertook a

series of investment strategy training workshops during the year before agreeing a revised strategic asset allocation in March 2021. The revised investment strategy will be implemented over the next six to twelve months.

The Pensions Committee undertakes thorough monitoring of the fund's investment managers and is prepared to make changes in response to investment underperformance or new investment opportunities.

The fund undergoes an independent actuarial valuation every three years. The last actuarial valuation was conducted at the end of March 2019 and identified that the fund had a funding level (the relationship between estimated future pension payments and the funds held to pay for these pensions) of 94%. This was an increase from 84% at the previous valuation in March 2016. As a Local Government Pension Scheme, the fund is able to take a long-term view to the recovery of any funding deficit and is able to phase in any changes in the employer contribution rate in a manageable way. The latest results were very positive for the fund as the funding level increased by 10% over the valuation period. The next valuation will be undertaken on 31 March 2022, with results communicated in November 2022 and agreed with employers for the next three financial years commencing from 2023/24.

The fund is a tier 1 signatory to the Stewardship Code, the highest rating given by the Financial Reporting Council, which is very positive news. This confirms how seriously the fund continues to take responsible investment and environmental, social and governance issues. In 2020 the fund commissioned its pooling company, LGPS Central Limited, to undertake an in-depth review of the fund's exposure to financially material climate-related risks and opportunities. The climate risk report included both climate scenario analysis and carbon risk metrics. The fund also published its first task force on climate-related financial disclosures (TCFD) aligned report in November 2020. The fund was one of the first LGPS funds in the UK to publish its public TCFD report, this included a number of recommendations which the fund will be continuing to implement by June 2022. Further details relating to this and the significant progress which has been made during the year with regards to climate risk monitoring, responsible investment, climate risk training and the fund's carbon footprint are included within the corporate governance section of the annual report.

Shropshire County Pension Fund continued to work with eight other funds in the Midlands region during the year. LGPS Central Ltd has been established to manage investment assets on behalf of its eight Local Government Pension Scheme (LGPS) funds across the Midlands region. It is a multi-asset manager, investing up to potentially £48.9 billion of assets (£23 billion invested as at March 2021), on behalf of 900,000 LGPS members and 2,500 employers.

LGPS Central Ltd is jointly owned on an equal share basis by eight pension funds and is a collective portfolio management investment firm (CPMI) regulated by the Financial Conduct Authority (FCA). The participating pension funds are Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. West Midlands Integrated Transport Authority (ITA) Pension Fund will also be an investor, but not a shareholder, with its shareholder rights represented by West Midlands.

The key objectives of LGPS Central will be to deliver cost savings and improve risk adjusted investment returns after cost, enable access to a wider range of asset classes for the participating pension funds, and to ensure good governance. LGPS Central manage a wide range of asset classes, employing a mix of internal and external investment management. The majority of assets under management are structured in an authorised contractual scheme (ACS), itself regulated by the FCA, in addition to other pooled investments held in alternative structures. The company has been formed to act as an alternative investment fund manager (AIFM) to allow the participating LGPS administering authorities to pool their respective investments.

The governance structure for LGPS Central has been agreed by all partner funds. The LGPS Central Board and Executive Committee are in place. There are currently 65 permanent staff and a number of additional senior appointments were made during the year, including the Investment

Director for Private Markets and the Director of Responsible Investment. In addition, a second graduate recruitment programme has just been launched in 2021 following on from the success of the first programme.

Regular investment pooling meetings continue to be held with representatives from each of the eight LGPS funds. The Practitioners Advisory Forum, which is made up of s151 officers and pension managers from each fund, are updated regularly on the progress made and the key developments of LGPS Central. Meetings of the Shareholders Forum, which is made up of one elected member from each fund, have been held during the year to approve key decisions. The Joint Committee, which is also made up of one elected member from each fund, has also met twice during the year to discuss any client related investor issues. The current chair of the Joint Committee, which rotates between all eight partner funds, is also the current chair of the Shropshire County Pension Fund.

LGPS Central Ltd is responsible for a number of advisory and discretionary mandates on behalf of its partner funds. Working with our partners to develop and implement our revised investment strategy will continue to be a major strategic focus for the fund over the next year. The first assets were transferred transferred from Shropshire County Pension Fund in March 2019 when £237 million was transitioned into their active global equity sub-fund. Assets in this sub fund have increased to £318 million as at 31 March 2021. Further assets are expected to transfer during 2021/22 into infrastructure, private debt, targeted return and sustainable equity funds once launched.

Over the last twelve months the Pensions Administration Team have ensured the benefits it looks after for scheme members are paid accurately and on time, despite the impact of Covid-19 lockdowns and the enforced working from home.

During 2020/21, the team had to work from home and quickly adapted to new ways of remote working, ensuring all administrative work continued and members could contact the team if they needed to. The team were agile in their working practices which ensured all pensioners received their monthly payments when due and all retirements were processed in good time. Scheme members were still able to contact all members of the team throughout the year and the helpdesk remained fully functional, dealing with member queries over the phone and via email. Although, the team have not been able to see members face to face, the team have still offered the facility to video call if members needed a consultation. Improvements in technology were implemented with a new telephone system procured. This will provide better statistics and information on when our customers are contacting us, to help shape the service we offer.

Processes were changed to ensure members could return forms and documents electronically and scheme members and employers were provided with regular updates on the team's new ways of working. All regulatory deadlines were met, including issuing annual benefit statements, P60 documents and pensions savings statements by the statutory deadlines and reporting to Pensions Committee and Pensions Board continued. During the year the team worked hard to ensure the guaranteed minimum pension (GMP) reconciliation project was completed.

The information above and other developments are all covered in more detail on the following pages. We hope you find the report interesting and informative. As always, we welcome your feedback on the report and indeed, on any aspect of the scheme's activities.

If you wish to make a comment or if you have any questions, our contact details are given on the back page of the report.

James Walton

Executive Director of Resources
(s151 Officer & Scheme Administrator)
Shropshire Council

Thomas Biggins

Chair of Pensions Committee
Shropshire Council

Scheme management & advisors

Administering authority

Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
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Scheme administrator

James Walton
Executive Director of Resources
(Section 151 Officer)

Shropshire Council officers

James Walton
Executive Director of Resources
(Section 151 Officer)
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Head of Treasury and Pensions
Debbie Sharp
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Ed Roberts
Fund Accountant

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Utmost Life and Pensions
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Responsible engagement advisor

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Local Authority Pension Fund Forum
c/o PIRC Ltd
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LONDON E14 9GE

LGPS Central Ltd
Mander House
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Performance measurement

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Risk management

Risk management is the process of identifying risks, evaluating their likelihood and potential impact and determining the most effective methods of controlling or responding to them. Shropshire Council has a formal risk management strategy and risk registers for pension fund investment, investment pooling and pension administration. These are included within this overall strategy. Please see below a summary of Shropshire County Pension Fund's key risks which were identified for 2020/21.

Risks	Controls in place
Climate change and responsible investment – funds facing increasing pressure on divestment and to take action to address climate risks in the portfolio.	Climate risk assessment carried out. Robust responsible investment policies, engagement and collaboration. Public TCFD report. Climate strategy/climate stewardship plan being developed. Signatory to the UK Stewardship Code.
COVID – 19 impact	Possible impacts on a number of areas including IT Infrastructure, third party suppliers, employee health and wellbeing, control framework and productivity, impact on financial markets.
COVID 19 – Staff all working from home, potential loss of internet at home putting at risk the payments of members benefits and processing retirement, transfers, death payments etc.	Can book a hot desk at Shirehall
Cyber attack resulting in loss of data leading to fines by the Information Commissioners Office and reputational damage.	Cyber security currently undertaken by Shropshire Council ICT.
The insolvency of an employer places additional liabilities on the fund and ultimately the remaining employers.	Admission agreements, employer covenant check across fund employers, some bonds in place. Shorter deficit recovery periods for some employers. Funding strategy statement approved by Pension Committee.
Failure of pension fund investment managers to meet expected returns resulting in increased costs to the council and other employers.	Rigorous selection process established. Rigorous and continual investment manager monitoring arrangements. Diversification of managers. External expert advice. Reporting & monitoring arrangements. Investment strategy statement and funding strategy statement published. Clear and relevant mandates. Audit of investment managers.
Regulatory risk – climate & responsible investment	Responsible investment integrated into the investment process. Monitoring of developments, responding to consultations when issued.
Savings from pooling are not realised as fully or as quickly as planned for due to market factors or inaccurate assumptions in LGPS Central's business plan.	Research is being undertaken to ensure predictive savings are realistic. Plan for reviewing progress against the business plan has been agreed with the board. Prudent assumptions have been used when estimating fee reductions and transition timescales. Financial model is continually updated.
Investments in LGPS Central not delivering the required investment return, which could result in the need for increased employer contributions.	Investment performance regularly reported and monitored by the Pension Committee and action taken to report any concerns via the Joint Committee and Shareholders Forum.
Insufficient range of asset classes or investment styles being available through the investment pool.	Investment workstream set up to create sub-funds to implement participating funds investment strategies. Participating fund data gathered and analysed in detail at Officer Practitioner Advisory Forum meetings. Product development plan agreed by the partner funds/LGPS Central.

Risks	Controls in place
Inappropriate investment strategy	Funding strategy statement published following consultation with scheme employers outlining how the fund plans to meet its liabilities. External expert advice. Trained and experienced staff. Three yearly actuarial valuation. Investment strategy statement. Regular review of investment strategy with Aon.
Failure to meet good governance	Compliance against Myners principles considered on an annual basis as part of the review and updating of the investment strategy statement. The fund has produced a governance compliance statement. Audit of governance arrangements.
Continued decrease in UK government bond yields resulting in future reduction in returns from government bonds, increase in the value placed on liabilities through the reduction in the discount rate and deterioration in funding position which results in an increase in employer contribution rates	Monitoring of investment performance relative to the estimated growth in liabilities on an annual basis. Some investment in bonds (and similar investments) helps to mitigate this risk. Implemented liability driven investment (LDI) strategy in order to further hedge liabilities against changes in interest rates and inflation. Change in methodology agreed with actuary to calculate liability values rather than using gilt yields. Equity protection strategy implemented in September 2017 and increased in 2019 & 2020.
Pay and price inflation significantly higher than anticipated and pensioners in receipt of pensions for longer resulting in an increase in the fund's liabilities, deterioration in funding position and increase in employer contribution rates.	Actuarial valuation process focuses on real returns on assets. Monitoring of investment performance in relation to the estimated growth in liabilities. Some investment in index-linked bonds (and other inflation linked investments) and LDI helps to mitigate this risk. Triennial strategic asset allocation review considers appropriateness of assets. Mortality assumptions are set with some allowance for future increases in life expectancy as part of the valuation process which the fund actuary monitors. LDI manager appointed to further hedge liabilities against changes in inflation rates. equity protection strategy in place.
Incorrect information/benefits provided to members of the scheme.	Benefits calculations are checked. All supporting calculations are provided to the member. Team training, employer training.
Late payment of contributions by fund employers leading to the pension fund having to report to the Pension Regulator and possibly be fined.	Employer training/guidance on website. Employer newsletter. Contributions check and balance. Adhere to internal governance compliance statement. Adhere to Pension Regulator code of practice. Breaches log monitoring. Engage with employers to ensure contributions received on time.
Failure of employers to provide accurate data leading to incorrect benefit statement/payments or fund valuations.	Employer training. Administration strategy statement. Team training. Introduction of i-Connect has resulted in improvement of data. Employers trained on the Pensions Regulator's code. Breaches log records any issues which are reported to Pension Committee/Pension Board.
Loss or inappropriate disclosure of personal data leading to fines and reputational loss.	ICT security used such as data encryption, secure mail and document management software with strict security profiles. Secure working environment. Protecting information training undertaken by all staff annually.
Policies or strategies of the administering authority adversely impacting on the work of the pensions team for the Shropshire County Pension Fund.	Segregation of duties, delegated decision making to Pension Committee and Scheme Administrator. Quarterly report to Pension Committee on administration. Embedding of Pension Board and Pension Regulator Code and Scheme Advisory Board.
Not undertaking work to reconcile guaranteed minimum pension (GMP) data in line with ending of contracting out legislation, resulting in possible overpayments and additional costs to the pension fund.	GMP's have historically been processed when received and leavers notified to HMRC. Reconciliation process currently being undertaken by the pensions administration team. Contract with ITM has been signed to assist in this process.
Failure to identify and report breaches of law, in accordance with the requirements of the Pensions Regulator leading to reputational damage & potential fines.	Breaches policy in place together with a breaches log which is reported to the Pension Committee, Pension Board and Scheme Administrator. Training undertaken by key staff.
Non-compliance with the law around LGPS benefit administration leading to fines by the Pensions Regulator.	The use of a good LGPS administration software solution together with experienced trained staff mitigates the risks to the council.
Failure of support systems: Business World, CIVICA Icon which will result in incorrect data collection, payment of benefits and incorrect accounting.	Reliance on Shropshire Council DTP

Financial performance

The following tables show the forecasts for the fund account and the net assets Statement for the next three years to 31 March 2024. It also identifies the 2020/21 actuals against the 2020/21 budget.

Forecast v actual report on fund cash flows

Pension Fund Account	2020-21 Budget £m	2020-21 Actual £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m
Contributions (employees and employers)*	83.996	86.476	58.309	71.389	73.530
Transfers in	6.000	5.263	5.500	5.600	5.700
Pensions paid	(64.741)	(64.750)	(67.340)	(70.034)	(72.835)
Lump sums paid	(10.500)	(10.497)	(10.500)	(11.000)	(11.500)
Lump sum death benefits	(1.500)	(1.334)	(1.500)	(1.600)	(1.700)
Refund of contributions	(0.300)	(0.190)	(0.300)	(0.350)	(0.400)
Transfers to other funds**	(5.000)	(20.016)	(5.100)	(5.200)	(5.300)
Net additions from dealings with scheme members	**7.955**	**(5.048)**	**(20.931)**	**(11.195)**	**(12.505)**
Management expenses	(17.551)	(17.826)	(18.036)	(18.480)	(18.924)
Investment income	24.000	25.477	25.000	25.500	26.000
Gain/(loss) on cash and currency hedging ***	0.000	16.779	0.000	0.000	0.000
Taxes on income	(0.200)	(0.102)	(0.200)	(0.210)	(0.220)
Change in market value	90.121	343.417	134.648	132.555	142.033
Surplus/(deficit) on the pension fund for the year	**104.325**	**362.697**	**120.481**	**128.170**	**136.384**
Opening net assets of the scheme	**1,831.323**	**1,831.323**	**2,194.020**	**2,314.501**	**2,442.671**
Closing net assets of the scheme	**1,935.648**	**2,194.020**	**2,314.501**	**2,442.671**	**2,579.055**

Contributions and payments are based on current expectations, the management expenses are based on current budgets, and the net investment income and change in market value are based on the long term forecast returns for each asset class. // * 2020/21 actual includes upfront deficit contributions for one employer normally paid over three years and upfront normal employer contributions relating to 2021/22 for one employer. 2021/22 budget excludes normal employer contributions for this employer. // ** 2020/21 actual includes includes £16 million bulk transfers out // *** A budget has not been included for a gain/(loss) on cash as the movement year on year would be too difficult to account for as it is mainly based on FX currency movements.

Forecast v actual report on fund asset values

Net Assets Statement	2020-21 Budget £m	2020-21 Actual £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m
UK Equities	79.352	103.652	110.597	118.007	125.913
Global Equities - Unconstrained	243.036	326.568	351.714	378.796	407.963
Global Equities - Passive	600.278	672.984	716.728	763.315	812.931
Unconstrained Bonds	422.381	444.379	457.266	470.527	484.172
Hedge Funds	121.253	137.332	140.628	144.003	147.459
Private Equity	130.917	180.438	195.595	212.025	229.835
Infrastructure	83.195	69.301	74.152	79.343	84.897
Property	89.810	75.611	79.694	83.997	88.533
Liability Driven Investments (LDI)	66.606	67.397	67.599	67.802	68.005
Property Debt	38.627	57.777	60.261	62.853	65.555
Insurance-Linked Securities	32.575	32.509	33.647	34.824	36.043
Other (including Cash and net current assets)	27.618	26.072	26.620	27.179	27.749
Total investment assets	**1,935.648**	**2,194.020**	**2,314.501**	**2,442.671**	**2,579.055**

Forecast for total investment assets

The forecast for total investment assets are based on actual allocations at 31 March 2021 multiplied by the forecast long term returns for each asset class as provided by the fund's advisors. These forecasts will need to be adjusted for any future investment decisions formally approved by the Pensions Committee. The long term forecasts are as follows:

Asset Class	Return
UK Equities	6.70%
Global Equities - Unconstrained	7.70%
Global Equities - Passive	6.50%
Unconstrained Bonds	2.90%
Hedge Funds	2.40%
Private Equity	8.40%
Infrastructure	7.00%
Property	5.40%
LDI	0.30%
Property Debt	4.30%
Insurance-Linked Securities	3.50%
Cash	2.10%

Management expenses forecast

Here is a more detailed analysis of the management expenses budget forecast, which from 2014/15 is now split into three categories; investment management expenses, administration expenses and oversight and governance.

The budget forecasts for 2021/22 to 2023/24 have been revised and are based on the 2020/21 actual costs which are analysed to agree with the CIPFA guidance on management costs. (see note 8)

Operational Expenses	2020-21 Budget £m	2020-21 Actual £m	2021-22 Budget £m	2022-23 Budget £m	2023-24 Budget £m
Administrative Costs					
Employee costs	0.760	0.753	0.760	0.783	0.806
IT costs	0.215	0.218	0.223	0.228	0.233
Office accommodation	0.022	0.021	0.023	0.025	0.027
Consultants	0.040	0.075	0.080	0.085	0.090
Printing, postage and design	0.065	0.039	0.045	0.050	0.055
Subscriptions	0.016	0.015	0.015	0.016	0.016
Other costs	0.035	0.014	0.020	0.022	0.024
TOTAL	**1.153**	**1.135**	**1.166**	**1.209**	**1.251**
Investment Management Expenses					
Management fees	9.100	8.902	9.000	9.100	9.200
Performance fees	1.000	1.271	1.300	1.400	1.500
Other fees	3.000	1.989	2.000	2.060	2.120
Transaction costs	2.000	3.027	3.000	3.090	3.180
Custody fees	0.035	0.042	0.045	0.047	0.049
TOTAL	**15.135**	**15.231**	**15.345**	**15.697**	**16.049**
Oversight and Governance Costs					
Investment advice	0.400	0.427	0.450	0.460	0.470
Employee costs (pensions investment)	0.196	0.234	0.240	0.247	0.254
Actuarial advice	0.035	0.074	0.075	0.080	0.085
Responsible engagement overlay	0.067	0.050	0.050	0.052	0.054
LGPS Central pooling costs	0.450	0.582	0.600	0.618	0.637
External audit	0.022	0.022	0.024	0.026	0.028
Performance analysis	0.030	0.028	0.030	0.031	0.032
Internal audit	0.020	0.022	0.024	0.026	0.028
Legal and committee	0.017	0.007	0.017	0.018	0.019
Other costs	0.026	0.014	0.015	0.016	0.017
TOTAL	**1.263**	**1.460**	**1.525**	**1.574**	**1.624**
Total Management Expenses	**17.551**	**17.826**	**18.036**	**18.480**	**18.924**

Interest charged on overdue contributions

The fund monitors the timeliness of contribution receipts from all employers and will consider charging interest if the fund experiences a series of consistent late payments from any individual employer, or a late payment that is of significant size to be a material risk to the fund. Material breaches will also be reported to the Pensions Regulator.

The fund classes contributions income as being received on time where it is received no later than the 19th day of the month following the period of deduction.

During 2020/21 95% of contributions were received on time. Interest totalling £33 (thirty-three) was charged to employers during 2020/21.

Pensions overpayments

Pensions overpayments of £16,257 were made during 2020/21, of which £7,056 was recovered and £2,333 written off. The above amount includes £2,033 relating to two cases picked up as a result of the participation in National Fraud Initiative exercises.

A list of contributing employers and the amount of contributions received during the year (split by employers and employees)

Employer Name	Employees contributions: £	Employers contributions: £
Scheme employer		
Haberdashers Abraham Darby Academy	54,291.41	154,101.92
Abraham Darby School	No active members	
Haberdashers Adams School	53,588.63	211,648.18
Adams Grammar School	No active members	
Alveley Primary School	5,452.83	21,718.12
Barrow 1618 Free School	4,381.41	13,559.54
Belvidere School	37,777.17	196,828.19
Bishop Anthony Educational Trust	12,395.49	38,299.81
Bishops Castle Primary School	6,843.22	39,692.88
Bitterley C.E Primary School	9,230.45	37,068.60
Bridgnorth Endowed School	32,097.92	127,747.72
Bridgnorth District Council	No active members	
Burford Primary School	8,064.91	31,145.50
Castlefields Primary School	10,587.63	54,166.19
Charlton School	No active members	
Church Stretton School	20,883.44	114,992.24
Clee Hill Community Academy	9,141.56	36,702.60
Cleobury Mortimer Primary School	17,806.82	69,385.82
Communities Academies Trust	199,972.57	820,567.46
Condover CE Primary School	8,889.99	50,974.36
Corbet School	No active members	
Corbet School (Academy)	48,007.75	195,468.43
Dawley C.E Primary Academy	13,875.27	65,243.23
Ellesmere Primary School	26,741.38	125,683.71
Empower Trust	164,362.83	760,218.72
Ercall Wood School	No active members	
Fields Multi-Academy Trust	21,116.17	114,708.23
Grange Junior School	No active members	
Greenacres Primary School	No active members	
Holy Cross C.E School	No active members	
Holy Trinity Academy (BRJ)	24,981.17	186,606.00
Holy Trinity Primary Academy	15,435.12	74,609.00
Idsall School	54,267.65	212,244.78
Kickstart Academy	5,584.85	17,402.14
Lacon Childe School	30,348.17	147,736.21

Employer Name	Employees contributions: £	Employers contributions: £
Lakelands Academy	42,651.38	161,202.32
Lawley Village Academy	12,078.35	28,228.99
Learning Community Trust	274,206.80	1,030,361.68
Ludlow CE School	30,550.55	151,266.58
Ludlow College	No active members	
Ludlow Infant School	12,583.88	62,872.68
Ludlow Junior School	14,433.68	76,277.58
Madeley Academy Trust Ltd	49,127.23	175,116.19
Marches Academy Trust	256,345.88	1,107,335.14
Mary Webb School and Science College	27,369.67	128,522.22
Meole Brace School	59,845.07	298,944.46
Mereside CE Primary School	17,211.28	64,198.15
Moorfield Primary School	16,694.76	116,622.00
Morville C.E Primary School	2,888.90	10,987.26
National Health Service	No active members	
New College Telford	No active members	
Newport Girls High School Academy Trust	19,940.80	75,535.51
North Shropshire District Council	No active members	
North West Education Action Zone	No active members	
Oswestry Borough Council	No active members	
Oldbury Wells School	46,472.12	172,548.20
Priorslee Primary Academy Trust	36,206.08	120,622.28
The Priory School Trust	163,749.94	682,097.55
Redhill Primary School	24,681.53	103,292.32
Severndale Specialist Academy	137,229.02	512,953.31
Severn Bridges MAT	61,833.75	298,375.04
Shrewsbury & Atcham Borough Council	No active members	
Shrewsbury Academies Trust	No active members	
Shropshire Career Service Ltd	No active members	
Shrewsbury College of Arts & Technology	No active members	
Shrewsbury Colleges Group	378,783.37	1,032,251.43
Shropshire & Wrekin Fire Authority	180,180.99	515,251.13
Shropshire Council	5,863,901.05	24,376,016.68
Shropshire County Council	No active members	
Shropshire Magistrates Court	No active members	

Employer Name	Employees contributions: £	Employers contributions: £
Shropshire Probation Committee	No active members	
South Shropshire District Council	No active members	
St Edward's C.E. School	3,420.63	16,601.05
St George's CE Primary School, Clun	5,912.68	30,656.57
St Leonards CE School	19,389.14	90,471.71
Stokesay Primary School	9,119.55	36,029.35
Stottesdon C.E Primary School	9,936.72	37,610.82
Telford & Wrekin Council	4,749,511.24	23,993,586.39
Telford and Wrekin Education Action Zone	No active members	
Telford College	303,812.94	782,493.80
West Mercia Energy	32,833.93	0.00
West Mercia Supplies	0.00	175,100.01
Whitchurch Infant and Nursery School	20,308.39	107,542.09
Whitchurch Junior School	18,284.73	87,613.65
William Brookes School	62,949.22	209,340.23
Woodside Primary School	46,327.95	185,622.96
Woodside Start Centre	No active members	
Wrekin District Council	No active members	
Admission Bodies		
Accord Housing Association	6,361.82	6,254.67
Accuro Facilities Management (Idsall School)	1,807.28	6,375.50
Age Uk Shropshire, Telford & Wrekin	4,264.70	5,543.46
Alliance in Partnership - Grange Primary School	0.00	3,400.00
Alliance in Partnership - Grange Secondary School	No active members	
Alliance in Partnership - Ludlow School	No active members	
Alliance in Partnership - Oldbury Wells	No active members	
Alliance in Partnership - Priory School	No active members	
Alliance in Partnership - SAT	No active members	
Alliance in Partnership - Thomas Adams School	No active members	
Aquarius	837.03	3,581.10
ARCH Initiatives	No active members	
Aspens Services Ltd	1,074.32	4,555.94
Aspens Services Ltd (St Martins)	2,526.14	9,746.41
Aspens Services Ltd (Thomas Adams School)	5,216.51	21,311.75
Association of Local Councils	3,944.73	15,940.77
Balfour Beatty	17,608.06	55,647.14

Employer Name	Employees contributions: £	Employers contributions: £
Bethphage - Ellesmere Day Service and Library	5,698.10	20,893.53
Bethphage - Oak Farm and Innage Grange Day	7,997.63	29,050.35
Care Quality Commission	2,871.39	23,102.11
Catering Academy Ltd (Coleham)	907.66	3,615.86
Catering Academy Ltd (NGHS)	No active members	
Catering Academy Ltd (Priory)	No active members	
Caterlink (Castlefields)	830.08	3,410.64
Caterlink (Idsall School)	3,113.94	11,094.05
Caterlink (Oldbury Wells)	1,745.93	7,009.07
Caterlink (St Leonards)	No active members	
Churchill Contract Services	No active members	
Compass (UK) Ltd	No active members	
Connexions	No active members	
Connexus Housing One Ltd	5,013.62	0.00
Connexus Housing Three Ltd	31,575.82	100,653.69
County Training	No active members	
Coverage Care Crowmoor House	11,510.71	18,395.91
Coverage Care Ltd	7,931.41	0.00
CRI	No active members	
Energize	4,540.31	11,110.32
Enterprise South West Shropshire	583.31	2,205.73
Fastrack Maintenance Ltd	No active members	
Fidelis	1,064.06	3,921.63
Funeral Services Ltd	No active members	
Halo Leisure Services Ltd	7,419.78	23,739.12
Harper Adams University College	554,114.64	1,501,500.46
HMM Arts Ltd (The Hive)	No active members	
IDVerde Ltd	38,794.74	139,378.04
Interserve Catering Services Ltd	1,425.87	7,711.23
Interserve Ltd	No active members	
Ironbridge Gorge Museum Trust	3,875.32	14,417.88
Kier Highways Ltd	91,373.95	312,936.80
Landau Consultants	No active members	
Livability	1,525.87	6,375.72
Mencap	No active members	
Midland Heart Ltd	No active members	
Miquill Catering Ltd	895.18	3,596.76
NIC Group	6,293.72	25,518.16
Perthyn	5,515.50	21,018.73
Premier Services (St Leonards)	254.94	1,107.50

Employer Name	Employees contributions: £	Employers contributions: £
Relate	No active members	
Ringway Infrastructure Ltd	No active members	
Sanctuary Group	11,772.54	38,827.85
Severn Gorge Countryside Trust	7,091.63	25,519.05
Severnside Housing Association	127,937.78	473,296.19
Shropshire County Leisure Trust	23,158.10	47,149.33
Shropshire Disability Consortium	No active members	
South Shropshire Leisure Ltd	10,592.44	8,930.58
Strettons Mayfair Trust	1,210.96	4,579.66
Taylor Shaw (Bridgnorth Endowed)	No active members	
Taylor Shaw (Priory)	No active members	
Telford & Wrekin Services Ltd	No active members	
Telford Development Corporation	No active members	
Telford Trust	No active members	
The Boathouse Ellesmere Ltd	No active members	
The Forward Trust (previously RAPT)	2,453.60	8,310.08
Transforming Telford	No active members	
Veolia Environmental Services (UK) Plc	77,946.98	120,704.74
Veolia TWC	12,498.59	33,653.05
We Are With You (Addaction)	24,763.68	61,151.22
Womens Royal Voluntary Service	No active members	
Wrekin Housing Trust	866,752.34	2,497,499.97
WSP UK Ltd	23,311.01	67,525.88
Designated Bodies		
Albrighton Parish Council	4,336.75	16,198.17
Bayston Hill Parish Council	1,880.75	7,721.14
Bishops Castle Town Council	2,036.69	8,854.02
Bridgnorth Town Council	25,207.30	82,391.79
Broseley Town Council	5,601.76	15,207.24
Church Stretton Town Council	6,398.04	28,933.21
Condover Parish Council	No active members	
Cressage, Harley and Sheinton Parish Council	311.18	745.17
Dawley Hamlets Parish Council	979.93	3,193.11
Ditton Priors Parish Council	120.54	526.01
Donnington and Muxton Parish Council	4,972.56	16,807.13
Ellesmere Town Council	4,338.23	12,126.48
Ford Parish Council	359.78	876.49
Great Dawley Parish Council	11,306.21	28,327.00
Great Hanwood Parish Council	381.82	930.12

Employer Name	Employees contributions: £	Employers contributions: £
Great Ness and Little Ness Parish Council	566.83	1,380.90
Hadley & Leegomery Parish Council	4,882.15	16,875.13
Hollinswood & Randlay Parish Council	5,441.56	16,534.88
Ketley Parish Council	No active members	
Little Wenlock Parish Council	32.78	146.02
Ludlow Town Council	17,612.65	63,958.08
Madeley Town Council	10,511.72	29,270.32
Market Drayton Town Council	7,838.07	25,808.87
Much Wenlock Town Council	2,835.40	10,372.04
Newport Town Council	6,187.58	19,468.84
Oakengates Town Council	8,821.14	29,447.73
Oswestry Town Council	27,380.57	88,775.43
Pontesbury Parish Council	2,573.20	8,703.68
Rodington Parish Council	230.13	238.50
Shifnal Town Council	6,243.48	37,865.38
Shrewsbury Town Council	99,644.06	238,965.15
Shropshire Towns & Rural Housing	233,686.52	639,778.51
St Georges and Priorslee Parish Council	1,212.38	4,389.83
Stirchley & Brookside Parish Council	3,186.16	8,268.41
The Gorge Parish Council	680.21	1,981.26
Wellington Town Council	11,030.10	46,736.73
Wem Town Council	5,121.39	14,492.06
Whitchurch Town Council	9,203.69	34,496.80
Wrockwardine Parish Council	No active members	
Wrockwardine Wood & Trench Parish Council	1,217.96	4,950.72
TOTAL	**16,471,274.00**	**68,345,676.92**

Investment of funds

The fund pursues a policy of managing risk by diversifying both investments and investment managers. Assets are held by the fund in order to achieve returns consistent with the cost of future pension liabilities as assessed by the actuary. Actuarial valuations are undertaken every three years with the latest one being undertaken in March 2019, the results of which were communicated to employers and new contribution rates were set for the next three financial years commencing 1 April 2020.

The fund's strategic allocation 2020/21

24% of fund

Absolute return bonds

3.5% of fund

Liability driven investment (LDI)

47% of fund

Equities

25.5% of fund

Alternatives

During 2020/21, the Pension Committee together with officers and Aon held investment strategy training workshops whilst reviewing the fund's investment strategy. Presentations were received by LGPS Central, Aon and some of the fund's existing investment managers on various different asset classes which were split into the following four areas:

1. **Credit:** Multi asset credit, investment grade bonds, emerging market debt, high yield.
2. **Private markets/alternatives:** Infrastructure, private equity, private credit, property debt, property.
3. **Targeted return:** Hedge funds, absolute return bonds, insurance linked securities, gilts, diversified growth funds & gold.
4. **Equities:** Passive/active, regional/global, low carbon/sustainable equities, climate factor funds, equity protection strategies.

Following these training workshops, in March 2021 the Pension Committee agreed a revised strategic asset allocation for 2021/22 which is highlighted in the table below and will be implemented by June 2022.

Targeted return funds (e.g. absolute return bonds, hedge funds, insurance linked securities)	25% of fund
Property debt	3.5% of fund
Equities	50% of fund
Private credit	4% of fund
Alternatives (e.g. property, private equity, infrastructure)	17.5% of fund

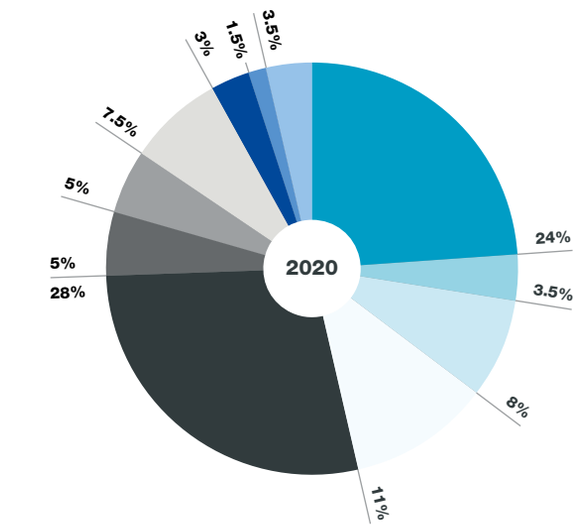
The fund's first assets transferred to LGPS Central in March 2019 when £237 million was transitioned into their active global equity sub-fund. The value of assets held in this fund has now increased to £318m as at 31 March 2021. Further assets are expected to transfer during 2021/22 when the fund will be implementing its revised investment strategy. Infrastructure, private credit, targeted return strategies and sustainable equity type funds are all of interest when they are launched later this year.

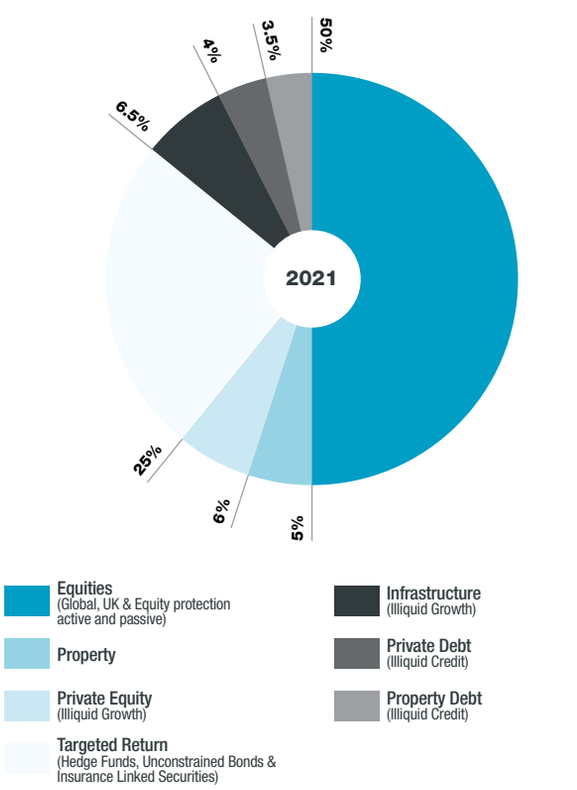
Shropshire County Pension Fund continued to work with eight other funds in the Midlands region during the year. LGPS Central Ltd is jointly owned on an equal share basis by eight pension funds and is a collective portfolio management investment firm (CPMI) regulated by the Financial Conduct Authority (FCA). The majority of assets under management will be structured in an authorised contractual scheme (ACS), itself regulated by the FCA, in addition to other pooled investments held in alternative structures. LGPS Central Ltd is a multi-asset manager, investing approximately £48.9 billion of assets on behalf of its member funds. The aims of LGPS Central will be to deliver cost savings, to build on the existing investment expertise of its member funds through increased scale, resilience, and sharing of knowledge. It will also aim to make use of a blend of internal and external investment management and a key objective will be to improve risk adjusted investment returns after cost.

LGPS Central Ltd are responsible for some advisory and discretionary mandates on behalf of its partner funds. Together, these new funds and mandates see LGPS Central Ltd currently being responsible for £23 billion of assets from the date of launch in 2018. Working with our partners to develop and implement our investment strategy will continue to be a major strategic focus for the fund over the next year.

The global equity allocation managed passively by Legal & General is 100% hedged back to sterling. This is designed to eliminate some of the risks in holding an increased proportion of overseas investments. The equity protection strategy is also implemented as part of this portfolio.

Strategic asset allocation at the start and end of the year





Spread of assets between fund managers as at 31 March 2021

The following table shows the managers responsible for individual portfolios and the value of the funds they manage.

Fund Manager		Percentage of fund %	Value of funds held £m	Portfolios Held
Investments managed by LGPS Central Ltd				
LGPS Central Limited	**LGPS Central - Global equity sub fund**	14.49	317.905	Global Equities
	LGPS Central - Share capital	0.06	1.315	UK Equities (unquoted)
			319.220	
Investments managed outside LGPS Central Ltd				
Legal & General	**Legal & General**	30.67	672.984	Global Equities (Passive)
PIMCO	**PIMCO Europe Ltd**	6.49	142.416	Absolute Return Bonds
MAJEDIE Asset Management	**Majedie Asset Management**	5.12	112.309	UK Equities
BLACKROCK	**Blackrock**	6.97	152.946	Unconstrained Bonds
BLACKROCK	**Blackrock**	6.26	137.333	Hedge Fund
Aberdeen	**Aberdeen Property Investors**	3.45	75.611	Property Unit Trusts
HARBOURVEST	**HarbourVest Partners Ltd**	8.23	180.438	Private Equity
BMO	**BMO Global Asset Management**	3.07	67.397	LDI
GLOBAL INFRASTRUCTURE PARTNERS	**Global Infrastructure Partners**	3.16	69.301	Infrastructure
DRC Capital	**DRC Capital**	2.63	57.777	Property Debt
SECURIS INVESTMENT PARTNERS	**Securis Investment Partners**	1.48	32.509	Insurance Linked Securities
T.Rowe Price INVEST WITH CONFIDENCE	**T.Rowe Price**	6.79	149.017	Global Dynamic Bonds
Other		0.03	0.691	Other
			1,850.729	
Total Assets Held by Fund Managers		98.90	2,169.949	
Net Current Assets		1.10	24.071	Net Current Assets
Total Fund		**100.00**	**2,194.020**	

Major shareholdings as at 31 March 2021

	UK Equities	Sector	Value £m	% of Fund
	Astrazeneca	Health Care	7.914	0.361
	Unilever	Consumer Goods	5.682	0.259
	Royal Dutch Shell	Energy	5.625	0.256
	Lloyds	Banks	5.194	0.237
	Glencore	Materials	4.272	0.195
	Relx	Information & Analytics	3.989	0.182
	Reckitt Benckiser	Consumer Goods	3.743	0.171
	Diageo	Consumer Staples	3.722	0.170
	Tesco	Consumer Staples	3.486	0.159
	NatWest	Banks	3.291	0.150
	Overseas Equities	**Country**	**Value £m**	**% of Fund**
	Microsoft Corp	United States	29.994	1.367
	Apple Inc	United States	28.306	1.290
	Alphabet	United States	23.474	1.070
	Amazon	United States	22.826	1.040
	Facebook	United States	13.780	0.628
	JP Morgan	United States	10.767	0.491
	Berkshire Hathaway	United States	9.552	0.435
	Bank of America	United States	8.173	0.373
	Visa	United States	8.073	0.368
	Nestle	Switzerland	7.768	0.354
	Total Fund Value		**2194.020**	

Investment performance

This year's fund performance:

During the year, Shropshire County Pension Fund increased in value by £363 million to be valued at £2.194 billion at the end of the year. The fund increased in value by 20.1% over the year and outperformed its benchmark by 5.8%. COVID-19 in the last quarter of the 2019/20 financial year had a major impact on financial markets across the world, but global markets bounced back strongly during 2020/21, hence the significant increase in the fund value during the year.

The reason the fund performance was above benchmark for the year was largely due to the strong bounce back in equity markets. The absolute return bond managers, hedge fund manager and private equity manager also produced very strong returns during the year. Infrastructure delivered negative returns due to the impact of COVID-19 on valuations within the portfolios.

The fund invests in a range of asset classes so as to diversify risk and provide more stable returns. Shropshire County Pension Fund had positive investment returns in a number of asset classes during the year. The strongest returns were generated in global equities where the fund's investments increased significantly in value by 47.9%. The Private Equity portfolio also generated strong returns of 41.7%. The fund's UK equity manager produced returns of 33.1% and the passive global equity portfolio produced returns of 21.1% which is the main reason for the increase in value of £363 million during the year. Hedge fund produced returns of 16.4% and the three absolute return bond funds also produced strong returns of 16.8%, 12.8% and 7.8% respectively. Property also increased by 3.7%. The fund's property debt portfolio increased in value by 1.6% and the BMO portfolio increased by 0.9%. Infrastructure produced negative returns of 11.3% due to the impact of COVID-19 on valuations particularly in the transport sectors.

Due to the strong funding level of the scheme and to protect the fund from unexpected falls in global equity markets as occurred during the global pandemic, an equity protection strategy continued to be in place during the year. This is subject to quarterly reviews by the Pension Committee, officers and advisors.

Graph 01: Whole fund performance

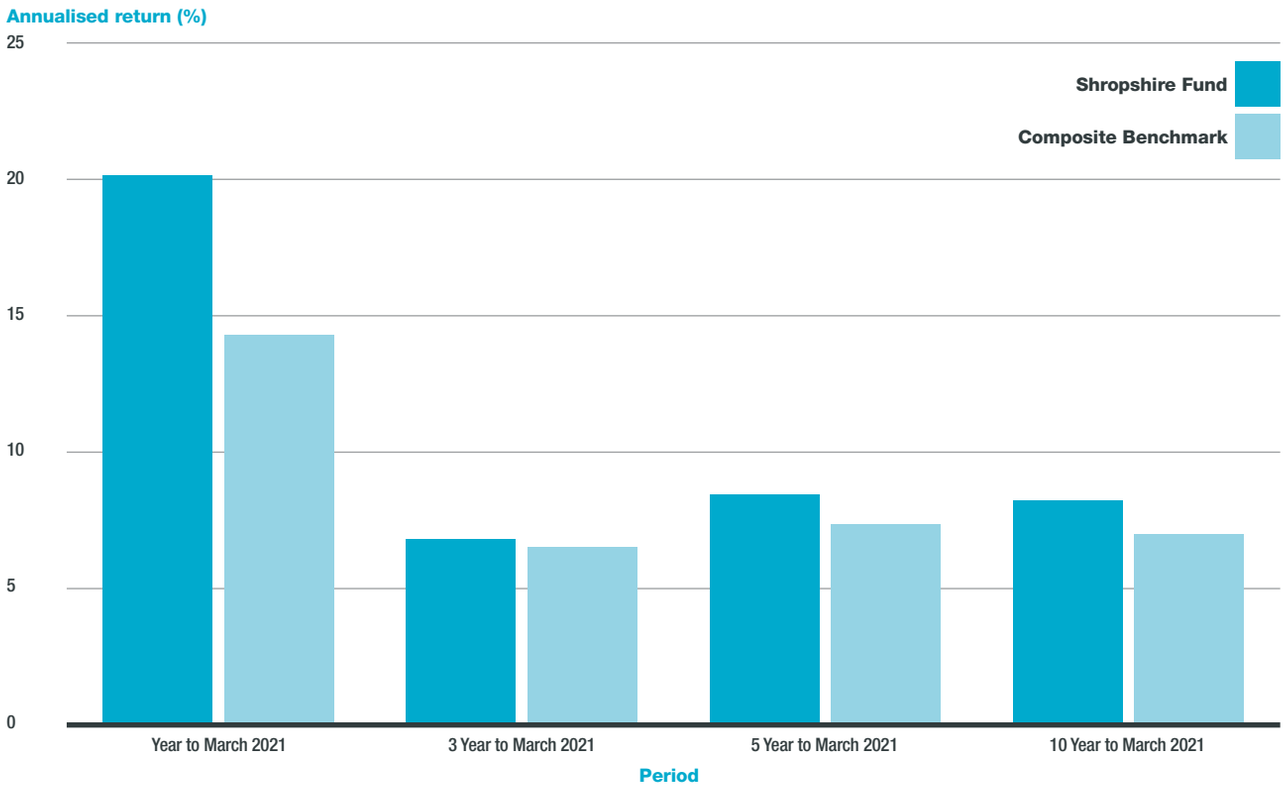
Graph 01 shows total fund investment returns compared with the benchmark. The stock markets that make up the benchmark showed positive returns in 2020/21 of 14.3%. The Fund increased in value by 20.1% over the year outperforming its benchmark by 5.8%. Overall the Fund has increased in value by an average of 6.8% per annum over the last 3 years which is above benchmark by 0.3%, 8.4% per annum over the last 5 years which is 1.0% above benchmark and by 8.2% per annum over the last 10 years which is above the benchmark by 1.2% which is also positive.

Performance data used in this report is provided by Northern Trust who supplies independent confirmation of the investment performance of individual managers on the fund's behalf.

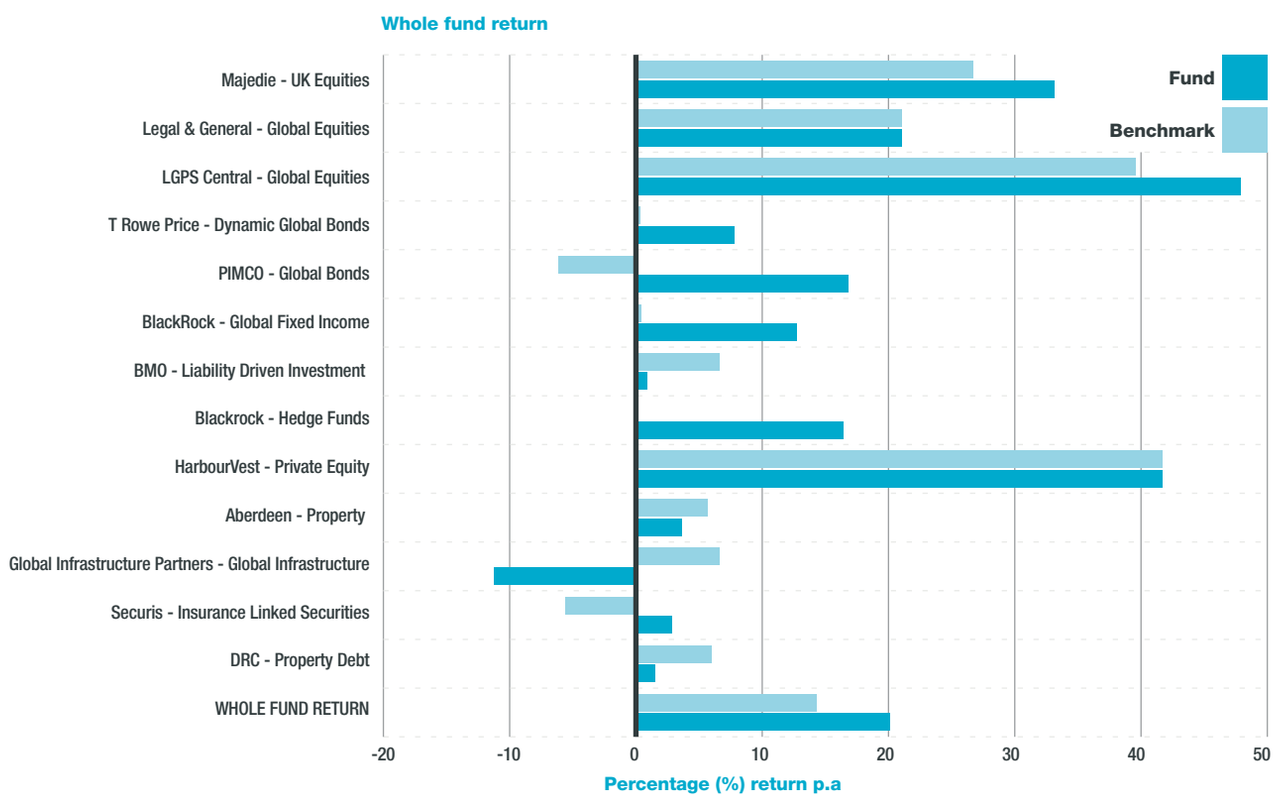
Graph 02: Individual fund manager peformance

Individual portfolio managers are given performance benchmarks related to the indices of the assets in which they invest, or an absolute return benchmark where this is more appropriate. Manager performance compared to their benchmark for the year is shown in graph 02.

Graph 01: Whole fund performance



Graph 02: Individual fund manager performance



Corporate governance and socially responsible engagement

Shropshire County Pension Fund takes corporate governance and social responsibility seriously.

Whilst the Pensions Committee has an overriding duty to consider its financial responsibilities above any other considerations, it remains committed to these important issues. Through actively voting at shareholder meetings and sustained shareholder engagement, it is felt the fund is best able to change company behaviour.

The fund does not restrict its investment managers in the companies in which they can invest. To do so would be contrary to the overriding financial responsibility of the Pensions Committee.
The committee believe it is more effective to influence company behaviour from the inside as a shareholder.

LGPS Central – Climate risk reporting

In 2020, following Shropshire Council's motion to declare a climate emergency and divest from fossil fuels, the fund commissioned its pooling company, LGPS Central Limited, to undertake an in-depth review of the fund's exposure to financially material climate-related risks and opportunities. The climate risk report included both climate scenario analysis and carbon risk metrics. The report was presented to the Pensions Committee in September 2020, with all recommendations in the report receiving approval by the committee. In the interests of being transparent with the fund's beneficiaries and broader stakeholder base, the fund published its first task force on climate-related financial disclosures (TCFD) aligned report in November 2020. A summary of the report is provided below.

Governance

The Pension Committee ('the committee') is responsible for preparing the investment strategy statement (ISS), which includes the fund's responsible investment beliefs. The committee meet four times a year, with quarterly engagement reports included as a standing item on the committee's agenda. Both the committee and the Pension's Board have received regular training on responsible investment topics.

The Scheme Administrator and Head of Treasury & Pensions, in conjunction with our investment advisor, have primary day-to-day responsibility for the way in which climate-related investment risks are currently managed and provide updates to Pension Committee. As a primarily externally managed fund, the implementation of much of the management of climate-related risk is delegated onwards to portfolio managers. External portfolio managers are monitored on a regular basis by officers and the Pension Committee.

Strategy

The fund considers climate-related risks and opportunities over the short, medium and long term. Examples of short- and medium-term risks include policy tightening and technological change, while long term risks include sea level rise and resource scarcity.

The fund engaged the expertise of an external contractor to understand the extent to which the fund's risk and return characteristics could come to be affected by a set of plausible climate scenarios. This analysis covered all asset classes across three climate scenarios: 2°C, 3°C and 4°C. The results of the climate scenario analysis indicated the fund's asset allocation appears to be relatively robust in all three climate scenarios. Over the coming decade, a 2°C outcome is, according to the model used, the best climate scenario from a returns perspective, while a 4°C outcome is the worst of the three considered.

Risk management

The fund seeks to identify and assess climate-related risks at the total fund level and at individual asset level. Engagement activity is conducted with investee companies through selected stewardship partners including LGPS Central Limited, EOS at Federated Hermes, BMO and LAPFF. Based on its climate risk report, the fund will develop a climate stewardship plan which, alongside the widescale engagement activity undertaken by our stewardship partners, will include targeted engagement at investee companies of particular significance to the fund's portfolio. The climate stewardship plan includes nine companies across five sectors: energy, industrials, materials, mining and utilities.

Metrics & targets

The fund's carbon risk metrics cover its listed equities portfolios, which represent 47% of the fund's total assets. The scope of the analysis comprises the total equities portfolios as at 31 March 2020 and covers five out of five equity strategies and 1,360 individual companies. The carbon footprints are provided below.

- Total equities: 146.78 (tCO_2e/ $m revenue)
- Total global equities: 148.05 (tCO_2e/ $m revenue)

Both the total equities portfolio and the total global equities portfolio are more carbon efficient than their benchmarks. The total equities portfolio is c.13% more carbon efficient than its benchmark, while the total global equities portfolio is c.15% more carbon efficient.

Climate risk training

Throughout the year, the Pension Committee and officers have received training from Legal and General on investment stewardship; integration of ESG in to investment processes delivered by Majedie; and responsible engagement presented by BMO.

During the year the Pension Committee and officers also responded to various public questions and freedom of information requests on fossil fuel divestment and climate change in particular and provided a formal response to Unison and Fossil Free Shropshire on these issues.

Shareholder voting

Shropshire County Pension Fund has been actively voting at the annual general meetings and extraordinary general meetings of the companies in which it invests for over eighteen years. The individual fund managers vote on the fund's behalf on all equity portfolios.

The fund believes that good governance is an important element in reducing the risk of corporate failures in the future. It also believes that over the long term, commitment to corporate best practice will enhance investment returns. As shareholders, we have a fiduciary interest and a responsibility in ensuring the highest standards of governance and accountability within the companies in which we invest.

Through ISS (Institutional Shareholder Services) and EOS Hermes, the fund has adopted a corporate governance policy based on codes of best practice and governance. Wherever practicable, votes are cast in accordance with industry best practice as set out in the UK Corporate Governance Code.

During the last year the fund's voting activity has continued to focus on encouraging the boards of listed companies to be transparent and accountable, maintain effective systems of internal control, adopt fair remuneration structures and alignment with climate risk related disclosure and practices.

UK Stewardship Code

Shropshire County Pension Fund recognises its role as one of promoting best practice in stewardship, which is considered to be consistent with seeking long-term, sustainable investment returns. The fund is a tier 1 signatory to the Financial Reporting Council's ("FRC") UK Stewardship Code; tier 1 meaning all the fund's equity managers are signatories of the UK Stewardship Code and signatories to the principles for responsible investment.

The fund welcomed the changes made to the stewardship code as of November 2019, which took effect on 1 January 2020, and is planning to report on outcomes under the new code during 2021/22. The changes included adopting twelve principles falling under the following categories; purpose & governance, investment approach, engagement and exercising voting rights and responsibilities.

Socially responsible engagement

Shropshire County Pension Fund is addressing its social responsibility through a strategy of responsible engagement with companies. As a shareholder, the fund is a part owner in a large number of UK companies and by entering into dialogue with these companies it is felt that there is potential to achieve change from the inside.

Given that the fund does not have the resources to regularly visit the companies itself, an external advisor has been employed to develop an engagement programme. BMO Global Asset Management provide this responsible engagement overlay on the fund's UK equities and global equities portfolios. BMO enter into dialogue with companies on the fund's behalf to put to them the case for improved financial performance through better management of the negative impacts they might have on the environment and society in general.

BMO view engagement not only as a tool to identify and manage environmental, social and governance (ESG) risks, but also as a route to create positive impact for the environment and society by supporting the achievement of the United Nations' sustainable development goals (SDGs).

Over the last year, BMO engaged with 29 banks worldwide to encourage them to enhance climate risk management practices in their lending and underwriting activities. Specifically, they discussed banks' climate strategies, governance and risk management systems and whether any scenario stress testing that resulted in relevant business metrics had been performed. During the year, their engagement approach evolved to better understand any considerations around net zero commitments and their thorough implementation.

Banks' responses to the increasing pressure they face from regulators (e.g. the UK has made TCFD reporting mandatory for financial institutions by 2025), investors, employees and other stakeholders to address climate risks vary widely. A small group of institutions are leading the way, including Barclays, Santander, the Commonwealth Bank of Australia, UBS and JPMorgan Chase. BMO are particularly positive about Barclays' early net zero commitment and leading efforts to disclose climate risk metrics not only for their lending, but also for their underwriting portfolio.

Banks across Asia have started to wake up to the challenge. In emerging Asia, banks in Southeast Asia, including Malaysia's CIMB, Thailand's Kasikornbank and Indonesia's Bank Mandiri, while still early on their climate journey, are generally ahead of peers in China and India. As for developed Asia, Japanese and South Korean banks continue to lag their peers in other developed countries. To support BMO's individual engagement in the region, they joined an initiative led by the consultancy Asia Research & Engagement (ARE) targeting the largest Japanese and Chinese banks and will continue their active participation in the PRI Palm Oil Investors Working Group that addresses South East Asian banks' contributions to deforestation and climate change through their lending and underwriting activities.

BMO also became members of the new Institutional Investors Group on Climate Change (IIGCC) working group on banks' climate risk management, which will seek to standardise assessment of banks' climate risk practices and encourage alignment with the goals of the Paris Agreement.

Living wage

This multi-year engagement project focuses on ten large retail companies from the US, UK, Canada, Japan, and Germany, including Walmart, Tesco, Loblaw Companies, Fast Retailing and Ceconomy.

BMO discussed companies' reaction to Covid-19, including efforts to protect the health and safety of their workers and their business continuity plans. They continued to stress that workers' wage levels can impact long-term business success and encouraged enhanced disclosure on firm-wide wages. For some companies, BMO started a collaborative engagement with other investors to increase pressure, particularly on disclosure.

In addition to the above, BMO supported collaborative engagement efforts with companies across other industries. Efforts include Share Action's Good Work Coalition, which focuses on living wage and living hours commitments of FTSE100 companies, and the platform living wage financials initiative, which engages companies across garment, retail and agribusiness on living wage.

BMO were pleased to see that companies like Tesco, Costco, Sysco, Loblaw, Dollar General, and Walmart all increased, at least for a limited time, hourly pay or provided hazard bonuses. Others such as Fast Retailing provided financial and organisational support to its supplier partners. However, there is still resistance on the part of many of the retailers, particularly those in the US, to commit to paying living wages going forward.

BMO plan to continue and expand on their engagement on living wage issues, both individually and collaboratively. They will also expand on and leverage their work so far to engage companies in other industries and address issues around freedom of association and collective bargaining, which can help workers reach agreements on a living wage.

Local Authority Pension Fund Forum

Shropshire remains a committed member of the Local Authority Pension Fund Forum (LAPFF). The LAPFF brings together 82 public sector pension funds (as at 31 March 2021) and is the UK's leading collaborative shareholder engagement group, with combined assets of over £300 billion. LAPFF exists to promote the highest standards of corporate governance, to protect the long-term value of local authority pension funds. It maximises their influence as shareholders in promoting corporate social responsibility and high standards in corporate governance among the companies in which they invest.

As a member of the forum Shropshire County Pension Fund has a stronger voice in influencing the companies in which it invests. Over the last twelve months the work of the forum has included the following areas:

Environmental and climate risk

Climate change is significant and urgent investment risk. Academics and investment experts put the price of inaction in the trillions of dollars. To safeguard the investments of our members and the pensions of their beneficiaries, LAPFF's main engagement objectives are for companies to align their business models with a 1.5 degrees scenario and to push for an orderly net-zero carbon transition. For our members to make informed investment decisions and understand the climate value at risk of investing in individual companies, they and their investment managers require companies to disclose data on emissions and set carbon targets. LAPFF therefore also considers that companies should report on their emissions and approach to carbon management as part of their business strategy.

LAPFF is a member of the Ceres Investor Network on Climate Risk and Sustainability, is a participant in the Climate Action 100+ initiative and is in partnership with the Climate Majority Project.

LAPFF was pleased to see the publication of the UK government's "ten point plan" in November 2020, relating to the government's stance on coal mining in the UK. This was a clear recognition of the need for a green industrial revolution.

It was not only a climate plan but also a plan for jobs. It set out the government's intention to create and support jobs in a number of areas, including clean energy, transport and innovative green technologies. The Prime Minister summed up the necessity for action and their plan to optimise the economic opportunities, by stating that we face "…… the most enduring threat to our planet with one of the most innovative and ambitious programmes of job-creation we have known." If we are to meet our climate ambitions, the process will need to create new jobs and be achieved in a just way. LAPFF therefore engages companies on their plans for a just transition and is supporting an inquiry into 'responsible investment for a just transition' being undertaken by the UK's all-party parliamentary group (APPG) for local authority pension funds.

A consistent message from engagements with companies and others is both the important role of government and the need to plan for an organised transition to net zero.

LAPFF therefore encourages the government to provide an enabling environment for investors, including LAPFF member funds, to implement their climate and social policies.

The government can promote this decarbonisation, which creates jobs, by also providing greater certainty for climate-friendly investments, including ensuring clarity over not promoting competing carbon dependent industries and initiatives, such as coal mining.

LAPFF has joined other investors in writing to the Prime Minister regarding the proposed new coking coal mine in Cumbria. This noted that opening the mine would have a notable impact on the UK's legally binding carbon budgets. The letter sets out strong investor support for long-term certainty and the alignment of all government decisions to the Paris Agreement. As part of achieving long-term sustainable investments, it is important that jobs of the future, rather than jobs of the past, are placed at the heart of communities. The letter can be accessed here: IIGCC letter to UK government regarding coking coal in the UK.

Social risk

LAPFF believes that social risk is every bit as important as environment and governance risk when it comes to long-term shareholder returns. The nature of the risk tends to differ from the other two in that its assessment is highly reliant on qualitative, rather than quantitative, indicators. Therefore, the forum engages in an innovative process of speaking directly to affected workers and communities to identify and address social risk. Identifying these risks in the context of Covid is a new dimension to the forum's work on social risks. The forum's view is that this approach leaves it well-placed to deal with risk in a comprehensive way as the just transition agenda gains traction.

Governance risk

The forum's view is that without effective corporate governance, companies can neither mitigate risk nor maximize opportunities to create shareholder value. Therefore, good governance is a sign of good business. It also facilitates the effective implementation of good social and environmental practices so mitigates risk on all fronts. As a result, many of LAPFF's engagements, both at the corporate and policy levels, focus on corporate governance.

Reliable accounting risk

As problems with accounts and auditing escalate, LAPFF continues to focus on problems with the product of what is audited by virtue of a defective accounting standards framework. Some financial analysts are backing the defective system, and this group is giving positive feedback to the standards setters in a symbiotic way, having been coached by the standard setter's outreach activities and supportive big four accounting firms. The standard setters are following a complicated model that fails to address basic and linked issues of fraud, capital maintenance, funding and going concern.

LGPS & stewardship

LAPFF has a central role in the LGPS landscape liaising with members and others on responsible investment and shareholder activism. The forum has been prominent in unifying local authority pension scheme concerns across three areas.

All-Party Parliamentary Group

The All-Party Parliamentary Group (APPG) on local authority pension funds - set up by LAPFF includes leading parliamentarians in discussions about local authority pension issues and the forum's work

LGPS pooling

LAPFF remains in touch with pool companies ensuring clear sight of work programmes and activities of both parties to align mutual interests.

Stewardship

LAPFF fully supports the position set out in the regulations and guidance that active stewardship by pension funds leads to long-term success of the companies in which they invest.

Scheme administration report

Shropshire County Pension Fund administers the Local Government Pension Scheme (LGPS), which provides occupational pensions for employees (other than teachers) of local authority employers within the geographical area of Shropshire. This includes support staff employed by academies, employees of organisations which have entered into admission agreements with the fund and bodies who have made a resolution to join the fund.

The LGPS is a tax approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972. The LGPS was contracted out of the State Second Pension Scheme (S2P) until 5 April 2016; from 6 April 2016 the 'contracted out' status ceased to exist for all pension schemes due to the introduction of the single tier State Pension.

The LGPS is a qualifying scheme under the automatic enrolment provisions of the Pensions Act 2008. From 1 April 2014 benefits for active members build up in the career average revalued earnings (CARE) scheme. Benefits for members with service pre-April 2014 are calculated under the final salary scheme.

Shropshire Council is required by law to administer the LGPS in Shropshire. It is accountable to the Pensions Committee, the Pensions Board, participating employers, and scheme members. The responsibilities for scheme administration are met in-house by the Pensions Administration Team based within the Resources Directorate within Shropshire Council. The administration includes the collection of employee and employer contributions and member data from all fund employers, the calculation of member benefits and payment of pension benefits to retired members; as well as looking after the benefits for deferred members who have not yet taken payment. The scheme not only provides pensions for members but also survivor benefits to spouses, civil and cohabiting partners and children.

Arrangements in place for gathering assurance over the effective and efficient operation of administration operations are:

- External audit
- Internal audit
- Pensions Committee
- Pensions Board
- Reporting breaches policy
- Quarterly performance reporting
- The Pensions Regulator annual scheme return

As at 31 March 2021, the Shropshire County Pension Fund had 16,520 active members, 18,088 deferred members, 13,094 pensioners and survivors, and 211 employers (146 with active members), all looked after by 27 members of staff in the Pensions Administration Team.

Value for money statement

To ensure the effectiveness of the fund the administration service is monitored and reviewed through external and internal audits. To demonstrate the efficiency of the administration, the fund takes part in the annual CIPFA benchmarking club, results for 2020 can be found on page 34. This provides a comparison of key performance indicators over time against a national average.

The fund has always considered the investment in new technology, staff training and projects to improve the data held and systems making payments to be essential to continue to provide a high-quality service to scheme members and employers.

In 2020/21, the fund invested in a new telephone system, which enabled live monitoring of call volume and provides enhanced reporting and training features. This allows better management of calls to the team and greater understanding of the peak times of call flow. Investment was also made in staff IT equipment and software to help the transition to remote working. Although face to face training ceased during the year, officers continued to attend virtual training events run by the Local Government Association and other external providers. Recent projects such as the move to online P60 documents, has allowed the fund to reduce the cost of postage and printing at the same time, giving members earlier access to these documents.

The fund demonstrates a commitment and focus to ensure value for money for all stakeholders. The fund is part of a communications working group, which provides the opportunity for LGPS funds to share knowledge and experience in this area. The priorities of the group include the identification of best practice within pension communications and produces collaborative communications to save individual LGPS funds financial resources and staff time.

Summary of activity in 2020/21

Over the last twelve months the Pensions Administration Team have kept busy, ensuring the benefits it looks after for scheme members are paid accurately and on time. To effectively administer the Local Government Pension Scheme for members, the monthly data provided by employers is essential. As well as monthly and year-end data quality verification, additional checks are in place during the year, using mortality screening and address verification to continue to improve the data held, to ensure member benefits are accurate.

Covid-19 and the effect on the Administration Team

Since 23 March 2020, all fund staff have been working from home. Before this date the fund had already adopted the council's flexible and mobile working principles, with all staff members having access to a laptop and able to access the IT systems they need from home. This was a key requirement in the event of an emergency, as set out in the fund's service recovery and business continuity plans.

Despite some initial issues, brought by the pandemic, the fund continued with largely business as usual during 2020/21. During the early stages of the initial lockdown the team did focus on the priority areas of service delivery as suggested by The Pensions Regulator and the Local Government Association. These suggestions covered the following areas:

- payment of benefits
- collecting employer contributions
- minimising the risk of scams for members
- supporting good decision making
- processing new pensions benefit cases
- dealing with bereavement cases

By the latter part of 2020 all processes were being dealt with as part of business as usual. The team did not experience any issues running the monthly payroll, to pay pension benefits, from home. Changes to processes were quickly put in place to ensure the same level of checks continued and additional payment runs were introduced to facilitate more frequent payments of retirement lump sums, transfers out and refunds etc.

Although staff members have access to all IT applications when working from home there were some functions which could not be completed from home, such as dealing with incoming and outgoing post. The team introduced interim measures to deal with this work and later found a permanent solution for both functions using the administering authorities' corporate post room functionality by the end of 2020.

As you would expect, some changes to working practices became necessary due to working from home because of the pandemic. Holding virtual meetings is one such example. In addition, the fund has moved to accepting electronic documentation in some areas, to avoid unnecessary delays in processing benefits. Many of the temporary changes introduced were reviewed to see whether they could be adopted permanently. Any improvements that were value for money and created capacity by reducing the number of paper-based tasks will be kept.

An important aspect of dealing with the effects of the pandemic was to ensure the team were looked after. Staff were given clear guidance and support throughout. Team meetings continued to take

place on a regular basis, albeit virtually, and staff continued to receive one to one's with their line manager. Team training has continued throughout 2020/21 but is delivered online whether it be in-house training or through national courses, such as one day events run by the Local Government Association. Going forward, a training programme more suited for a working from home workforce will be developed.

The governance arrangements in place within the fund continued as regulations were amended to allow for virtual committee and board meetings. Both the committee and board received service updates outside of scheduled meetings during the initial stages of the team working from home and continued to receive administration updates during the meetings that took place.

Pensioner death statistics

During the year, the LGA asked funds to provide data on the number of deaths of pensioners reported to a fund each month. Shropshire's experience over 2020/21 was:

2020/21	Total number of deaths on pension cases
March	32
April	33
May	38
June	32
July	30
August	25
September	21
October	35
November	28
December	36
January	63
February	39
March	31

Exit cap

The Public Sector Exit Payments Regulations 2020 (the Exit Payment Regulations) came into force on 4 November 2020 and imposed a £95k cap on exit payments for employees in the public sector. However, on Friday 12th February 2021 the Government announced that the £95k cap should be treated as if it never applied. Although the removal of the cap removed the uncertainty and complexity for the team and employers in implementing the new legislation, it meant that the extensive work completed to implement the cap, in communicating the changes, and updated processes had to be reversed.

During March 2021, it was confirmed that further reforms to exit payments in the public sector are expected to be announced later in 2021. The team continue to provide early retirement strain cost estimates for future redundancies or business efficiency exits to employers affected, with warnings about the future reforms planned.

Server move

A project was initiated in June 2020 with the software provider, Aquila Heywood and Shropshire IT by the Pensions Administration Team to move the administration software, Altair, which is hosted internally by Shropshire Council IT to the latest model server to ensure PCN compliance for the council. The project included a period of user acceptance testing (UAT) for the team during August and early September and the new servers successfully went live on 10 September 2020. All whilst working remotely.

Cyber security

The team 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. The team regularly test disaster recovery scenarios and have contracted with external providers to penetrate test the systems.

Shropshire Council's ICT team reported that up to December 2020 it had been very busy with the malicious cyber attackers. 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 software.

During 2020/21, the team reviewed its responsibilities for cyber security in line with the Pensions Regulator's guidance. Several team members attended a training session and officers completed an exercise to benchmark where the fund is currently on its cyber security journey. The team have also reviewed the policies currently in place with Shropshire Council and identified areas that need to be addressed by the fund in 2021 by introducing a formal policy or strategy.

McCloud

On 16 July 2020 MHCLG published a consultation on proposals to introduce amendments to the statutory underpin for the Local Government Pension Scheme (LGPS) in England and Wales. The proposals, reported to committee in September 2020, were designed to remedy the unlawful discrimination caused by the protection of older members when the scheme was reformed in April 2014. The consultation closed on 8 October 2020. An officer response was sent and approved by the chair on behalf of the Pension Committee. The fund's employers received training on what this could mean to them if they have not continued to send the fund data on hours changes and membership breaks, at the employer annual meeting.

Guaranteed minimum pension (GMP)

With the introduction of the single tier state pension back in 2016, the LGPS was no longer contracted-out of the state second pension. HMRC took the decision to no longer track contracted-out rights. They issued closure schedules to pension schemes to enable them to compare the GMP figures held on their systems to those of HMRC. This is known as GMP reconciliation. By the end of March 2021, the fund had completed the comparison of all Shropshire members with a GMP value with the information held by HMRC. Differences between the two systems resulted in LGPS pensions being either over or underpaid. As suggested by the Government, queries with a pension variance of below the £2 limit were not adjusted. The fund's committee endorsed a recommendation which ensured that any member who received an overpayment in the past did not have to repay any monies up to the rectification date, although their continuing pension would be reduced to the correct figure. In addition, any pensioner that had been underpaid, was reimbursed the pension that they were due in full, since the date that underpayment commenced.

244 cases were identified that needed rectification: 201 pensioners and 43 dependants. The rectification of benefits took place in early 2021, with a letter sent to those affected.

Online payslips and P60s

During 2020/21, the team worked on a project to issue payroll documents electronically via 'My Pension Online', rather than continuing to send paper copies. Feedback was requested from retired members, and the majority agreed with this new approach. Some members expressed a preference to continue to receive a paper copy of the P60 document and these requests were met.

TPR scheme return – Data quality

Data quality is a key focus area for the fund. Data cleansing work was carried out during the year to ensure the accuracy of the annual benefit statements (ABS). A total of 33,712 statements were produced, 15,638 to active members and 18,074 deferred members. 23 active statements were unable to be produced, due to an error within the pensions administration system. Accompanying notes and a newsletter were produced collaboratively with other LGPS funds in a project led by Shropshire. Both the notes and newsletter were given the Plain English crystal mark.

The fund updated its data improvement plan during the year. Completing the GMP reconciliation exercise was the top priority area. Data scores are required by TPR on an annual basis as part of the scheme return each autumn. The scores which have been submitted for the past two years are shown in the table below:

Data category	2019 data score	2020 data score	Aim
Common data	96.1%	98.35%	100%
Scheme specific data	96.2%	96.6%	100%

Common data relates to information such as name, address, national insurance number etc. The fund had not lost contact with a number of members who have not notified us of a change in their address, which largely accounts for why the data score is not 100%. A tracing company was appointed to trace these members where possible and this resulted in an improvement in the score this year. The scheme specific data (SSD) score is based upon information specific to a member needed to enable the fund to process their record as defined by the Scheme Advisory Board (SAB).

The fund's administration system provider has produced a report which produces this data score. The reports include additional data checks

which need to be met before each item of data is classified as present. The data checks are very detailed.

Updated policies

The training policy and the governance compliance statement were reviewed and updated during the year.

Working with employers

As at 31 March 2021, the fund had 211 active employers. Employer engagement is an important part of scheme administration as the data received by scheme employers is integral in ensuring the fund continues to meet its administration responsibilities. To ensure employers are kept up to date with the latest pension news, regular updates were provided during 2020/21 through email bulletins, website updates and webinar presentations. The fund also held its annual employers meeting in November – albeit virtually.

A summary of the amount of member data received during 2020/21 is below:

Key monthly data collection facts for 2020/21

12,546
address updates

80,215
contribution postings

80,265
pay data postings

2,347
notifications of starters

1,678
notifications of leavers

Key performance data

Performance indicators

Process		No. cases outstanding at start of period	No. of cases commenced in year	No. of cases completed in year	No. cases outstanding at year-end	% completed in year
"Deaths – Initial letter acknowledging death of active/deferred/ pensioner member"		16	498	472	26	94.78%
Deaths – letter notifying amount of dependants pension		35	511	460	51	90.02%
Totals		**51**	**1009**	**932**	**77**	**92.40%**
"Retirements – Letter notifying estimate of retirement benefits (include all retirement types: normal, ill heath, early, late etc)"	Active	5	567	548	19	96.65%
	Deferred	3	311	298	13	95.82%
Totals		**8**	**878**	**846**	**32**	**96.23%**
"Retirements – Letter notifying actual retirement benefits (include all retirement types: normal, ill heath, early, late etc)"	Active	34	445	342	103	76.85%
	Deferred	219	963	692	271	71.86%
Totals		**253**	**1408**	**1034**	**374**	**74.36%**
"Retirements – process and pay lump sum retirement grant (include all retirement types: normal, ill heath, early, late etc)"	Active	34	445	342	103	76.85%
	Deferred	219	963	692	271	71.86%
Totals		**253**	**1408**	**1034**	**374**	**74.36%**
Other						
Deferment – calculate and notify deferred benefits		102	1184	995	189	84.04%
Transfers in – Letter detailing transfer in quote		4	201	189	12	94.03%
Transfers in – Letter detailing transfer in		112	399	189	210	47.37%
Transfers out – Letter detailing transfer out quote		9	115	97	18	84.35%
Transfers out – Letter detailing transfer out		0	256	146	110	57.03%
Refund – Process and pay a refund		49	615	550	65	89.43%
Divorce quote – letter detailing cash equivalent value and other benefits		6	113	97	16	85.84%
"Divorce settlement – Letter detailing implementation of cash equivalent value and application of pension sharing order"		1	2	2	0	100.00%
"Joiners – Send notification of joining the LGPS to scheme member"		0	2694	2694	0	100.00%
Aggregation - Send notification of aggregation options		33	1131	1090	42	96.37%
Totals		**316**	**6710**	**6049**	**662**	**83.85%**
Grand totals		**881**	**11413**	**9895**	**1519**	**83.31%**

Process		CIPFA recommended Fund KPI Days	Within KPI	Out KPI	Total	%	Legal Mnths	Within Legal	Out Legal	Total	%
Deaths – initial letter acknowledging death of member		5	250	158	408	61.27%	2 Mnths	392	16	408	96.08%
Deaths – letter notifying amount of dependants pension		10	264	155	419	63.01%	2 Mnths	356	64	419	84.96%
Retirements – letter notifying estimate of retirement benefits	Active	15	452	66	518	87.26%	2 Mnths	513	5	518	99.03%
Retirements – letter notifying estimate of retirement benefits	Deferred	15	224	43	267	83.90%	2 Mnths	262	3	265	98.87%
Total											
Retirements – letter notifying actual retirement benefits	Active	15	369	43	412	89.56%	2 Mnths	399	13	412	96.84%
Retirements – letter notifying actual retirement benefits	Deferred	15	806	88	894	90.16%	2 Mnths	862	32	894	96.42%
Total											
Retirements – process and pay pension benefits on time	Active	15	324	19	343	94.46%	2 Mnths	335	8	343	97.67%
Retirements – process and pay pension benefits on time	Deferred	15	552	113	665	83.01%	2 Mnths	648	17	665	97.44%
Total											
Deferment – calculate and notify deferred benefits		30	720	252	972	74.07%	2 Mnths	794	178	972	81.69%
Transfers in – Letter detailing transfer in quote		10	155	30	185	83.78%	2 Mnths	175	10	185	94.59%
Transfers out – Letter detailing transfer out quote		10	43	53	96	44.79%	2 Mnths	78	18	96	81.25%
Refund – Process and pay a refund		10	379	49	428	88.55%	2 Mnths	420	8	428	98.13%
Divorce quote – letter detailing cash equivalent value and other benefits		45	86	7	93	92.47%	3 Mnths	91	2	93	97.85%
Divorce settlement – letter detailing implementation of pension sharing order		15	1	1	2	50.00%	3 Mnths	1	1	2	50.00%
Joiners – notification of date of enrolment		40	2694	0	2694	100.00%	2 Mnths	2694	0	2694	100.00%

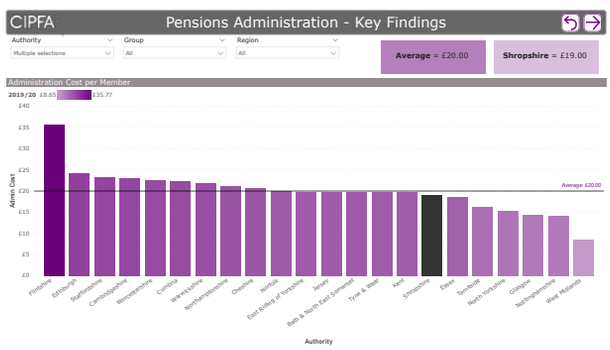
Financial indicators

The fund continues to participate in the Charted Institute of Public Finance and Accountancy (CIPFA) annual benchmarking survey. The results of the net cost per member in comparison to other funds participating in the most recent survey published in 2020 showing data from 2019/20 are shown in Graph 1.

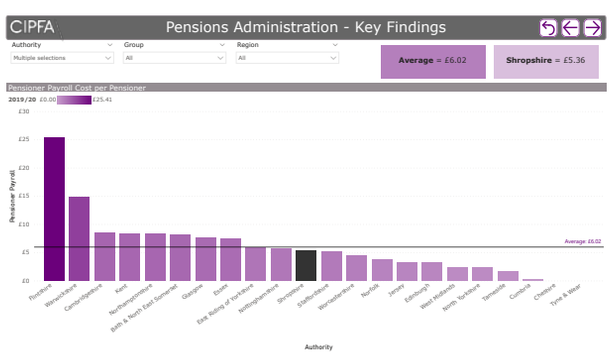
Graph 1. Illustrates the net cost per member of providing a service to active, retired and deferred members. In 2019/20, the fund had a net cost of below the group average of £19.00 per member. The average cost per member for all authorities taking part in the survey was £20.00.

Graph 2. In 2019/20 the pensioner payroll cost per pensioner was £5.36, which was below the average of the group of £6.02.

Graph 1: CIPFA pensions benchmarking club 2020 – net administration cost per member



Graph 2: CIPFA pensions benchmarking club 2020 – pensioners payroll cost per pensioner



Staffing

27

Staff in the Pension Administration Team

50,144

Scheme members

1,857

Members to members of staff

2,769

Average cases per member of staff directly involved in casework

New pensioners in year 2020/21 by type of retirement

Retirement type	Number of cases
Early	501
Ill	76
Late	21
Normal	119
Total	**717**

Employer summary as at 31 March 2021

88	80	40	208
Scheme employers	Admission bodies	Designated bodies	Total

A summary of the number of employers in the fund analysed by scheme employers, admission bodies and designated bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities) as at 31 March 2021.

Employers	Active	Ceased	Total
Scheme Employers	62	26	88
Admission Bodies	47	33	80
Designated Bodies	37	3	40
Total			**208**

Feedback from members and employers

- 4 complaints received in 2020/21
- 34 compliments received in 2020/21

'I've got everything sorted with my pension now so thanks for putting your Senior Officer on the case, he was brilliant. Really pleasant and informative and I had complete trust in him. You're like me, very blessed with a great team'

'You are the first person to help me over the phone since lock down I'm so very grateful'

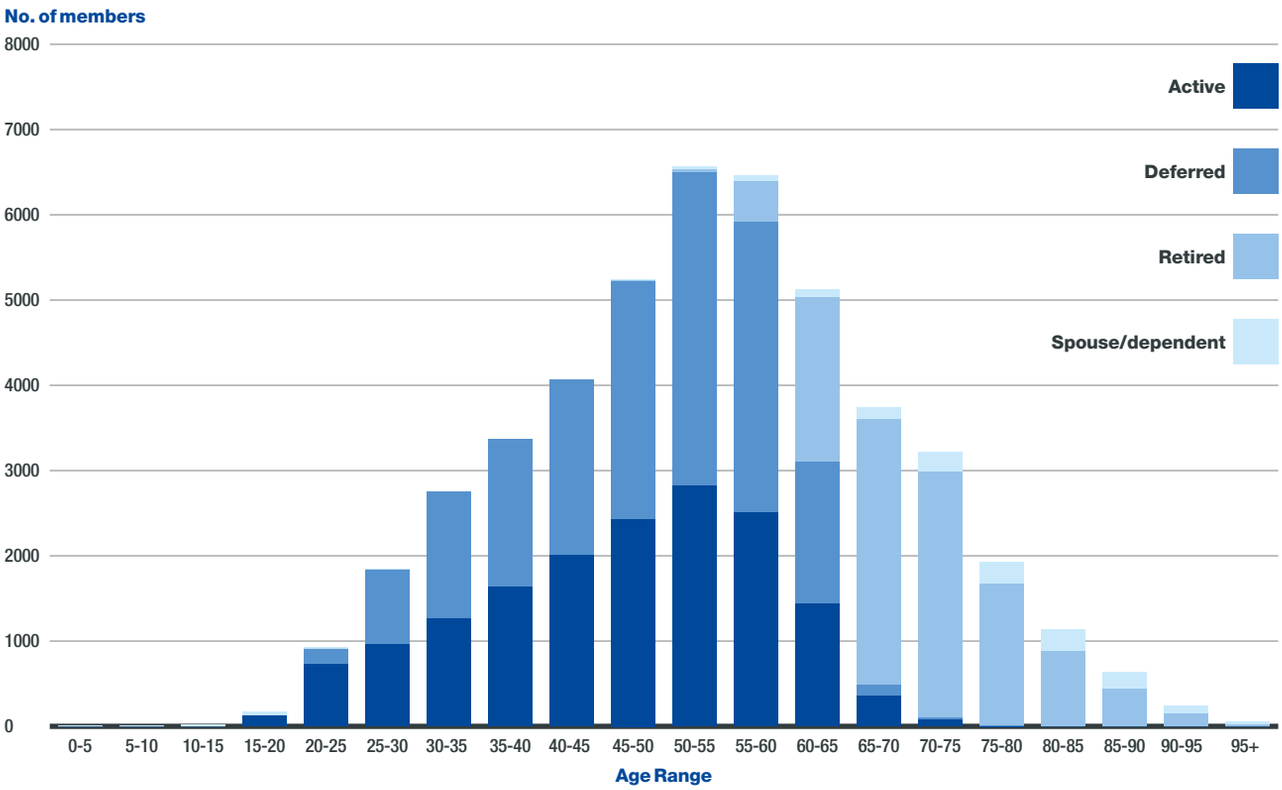
'Scheme member wanted me to pass on how kind and helpful your officer had been on the phone with her earlier today. She also said that she felt that both herself and her mother had received outstanding service from Shropshire County Pension Fund, and to let us all know that it really is appreciated'

'Both of your colleagues have been extremely helpful in ensuring that the details of my pension were accurate and that I was happy with what I had decided to finally do. The process involved a number of emails and two phone calls, both officers were polite and easy to talk to. Nothing was too much trouble. Please do pass on my thanks to them both'

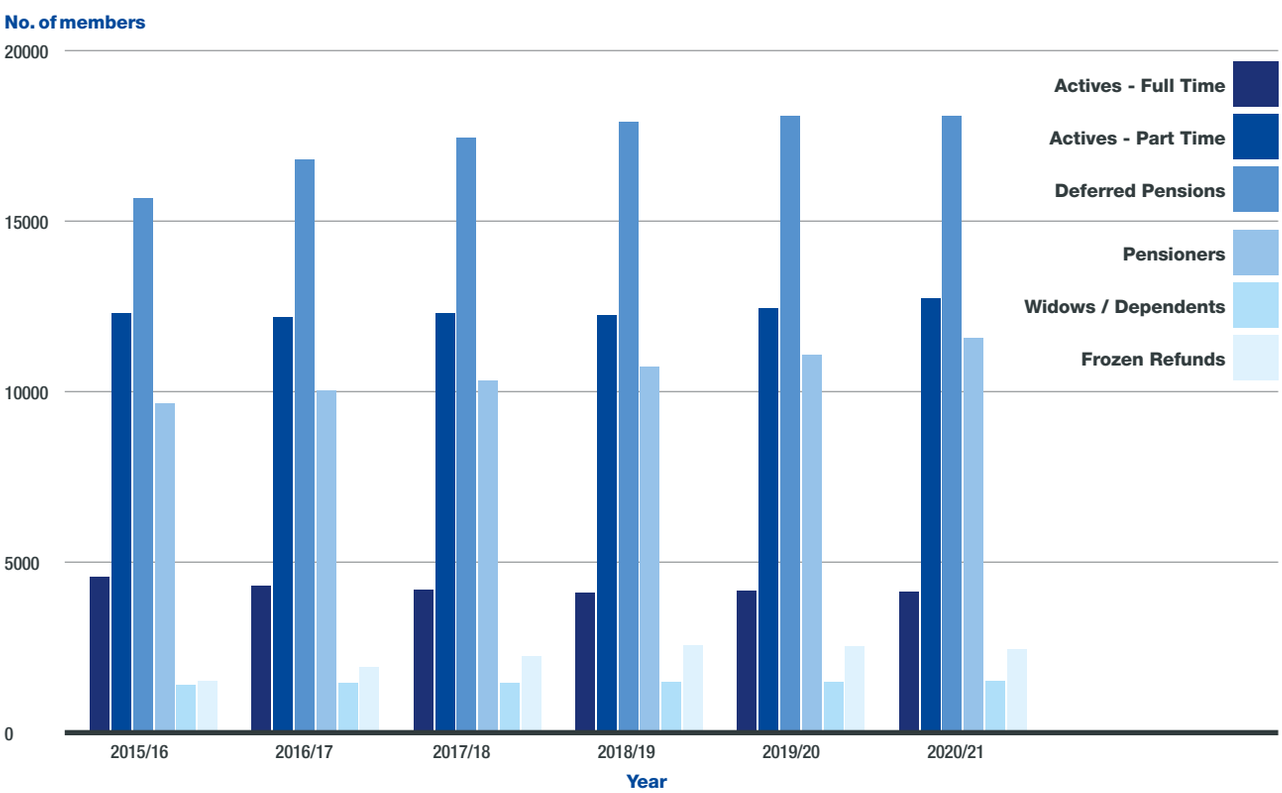
'Many thanks for your prompt and professional communications with the processing of this information'

'Just wanted to say a big thank you for getting this processed so quickly'

Age profile of membership as at 31 March 2021



Membership numbers and trends as at 31 March 2021



How our service is delivered

Communications policy

Regulation 67 of the LGPS regulations 2013, states that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members; and scheme employers.

The communications policy statement sets out the fund's formal policy concerning communications with its stakeholders, including the format and frequency of information provided. Following any amendments this document is passed for approval to Pensions Committee and is published on the fund website. The most recent statement in place can be found in appendix 05. Officers in the fund are part of a regional communications working group (CWG) where communication officers from different funds in England and Wales meet on a quarterly basis to develop items of communication for scheme members in the LGPS. The fund also has representation on the national communications group organised by the Local Government Association (LGA).

Use of technology:

Website

The fund's website is the main source of information for both current and prospective members, as well as fund employers. The website address is: www.shropshirecountypensionfund.co.uk

The website holds scheme guides, forms and information for members and employers to view. Employer responsibilities are set out in the employer's section of the website. All participating employers in the fund are encouraged to use this area to ensure they meet their responsibilities. The fund also provides videos for both members and employers to view on the website. In early 2020, webinars were used for the first time to provide information to employers.

Electronic data transfer

The fund has continued to use a service called i-Connect for employers to transfer their data to the fund. Member data is transferred from an employer's payroll system into the pension administration system on a monthly basis. The fund engages with all employers to ensure good quality, accuracy and timeliness of their data. Training is also provided to all new employers joining the fund on using the i-Connect service.

'My Pension Online'

For a number of years, the fund has provided members with access to their pension benefits via 'My Pension Online'.

As at 31 March 2021:

- 46% active members
- 38% deferred members
- 33% pensioners members

registered for 'My Pension Online'.

40% of total scheme members access their pension information online.

Email updates

The fund has continued to utilise email to provide scheme updates to members and employers. Emails were sent on a regular basis to both members and employers during 2020/21 to inform them of the latest news and events.

In total 80,296 emails were sent during the year to members.

Internal dispute resolution procedure

Despite our best efforts we do, sometimes, receive complaints from our members when they have not been satisfied with scheme decisions. Members have the right to ask for scheme decisions to be looked at again under the formal complaints procedure and also they have the right to use the procedure if a decision should, but has not been made by their employer or the fund. The complaint procedure's official name is the internal dispute resolution procedure (IDRP) and the procedure is outlined in regulation 72 of the LGPS Regulations 2013. A scheme member, pensioner, deferred pensioner or potential beneficiary can all make an appeal under the IDRP procedure.

There are two stages to IDRP, with the first stage of the dispute going to the body that made the original decision, requesting a review of that decision. If a member is dissatisfied with the outcome of the stage 1 decision, they may apply to the administering authority for a review at stage 2 of the IDRP within six months of the stage 1 decision. If, after the stage 2 decision, the member or beneficiary is still dissatisfied, they can contact The Pensions Advisory Service (TPAS) and ask for their assistance. Where the complaint or dispute cannot be resolved after the intervention of TPAS, the member or beneficiary has three years in which to contact the Pensions Ombudsman who can investigate any type of complaint about a member's or beneficiary's pension, but they must have been through stages 1 and 2 of the IDRP before they contact the Ombudsman. Fortunately such instances are few and far between.

The following table is a summary of the IDRP cases the fund has received.

IDRP cases raised directly to the fund in 2020/21

Stage	Cases submitted	Dismissed	Upheld	Ongoing
1st	2	2	0	0
2nd	0	0	0	0

The Pensions Advisory Service

www.pensionsadvisoryservice.org.uk
0800 011 3797

The Pensions Ombudsman

www.pensions-ombudsman.org.uk
0800 917 4487

Pensions Administration Team

Scheme Administrator, Head of Treasury & Pensions & Treasury Team

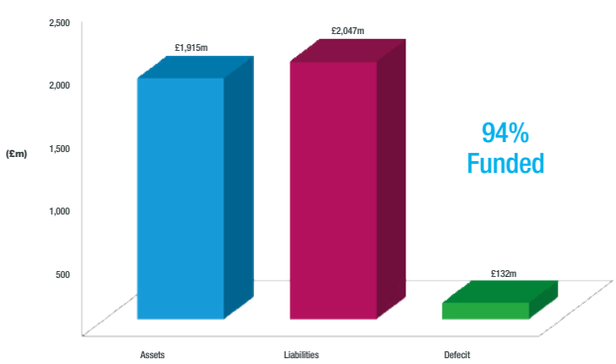
Statement by the Consulting Actuary

Accounts for the year ended 31 March 2021

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Shropshire County Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

On the basis of the assumptions adopted, the Fund's assets of £1,915 million represented 94% of the Fund's past service liabilities of £2,047 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £132 million.



The valuation also showed that a Primary contribution rate of 16.6% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall.

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted is 19 years, and the total initial recovery payment (the "Secondary rate" for 2021-2022) is an addition of approximately £10m per annum on average in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2020.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement

(FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process. The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	**For future service liabilities** (Primary rate of contribution)
Rate of return on investments (discount rate)	4.25% per annum	4.65% per annum
Rate of pay increases (long term)	3.65% per annum	3.65% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.4% per annum	2.4% per annum

The assets were assessed at market value. The next triennial actuarial valuation of the Fund is due as at 31 March 2022, following which the contribution rates payable by the individual employers will be revised with effect from 1 April 2023.

The McCloud Judgment

The "McCloud judgment" refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government has accepted that remedies are required for all public sector pension schemes and a consultation was issued in July 2020 including a proposed remedy for the LGPS. The key feature of the proposed remedy was to extend the final salary underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and who either remain active or left service after 1 April 2014 .

In line with guidance issued by the LGPS Scheme Advisory Board, the above funding level and Primary contribution rate do not include an allowance for the estimated cost of the McCloud judgment (other than where the employer has elected to include a provision in their contributions, in which case this is included within the secondary rate). At the overall Fund level we estimate that the cost of the judgment could be an increase in past service liabilities of broadly £12 million and an increase in the Primary Contribution rate of 0.8% of Pensionable Pay per annum.

Impact of Covid 19

The valuation results and employer contributions above were assessed as at 31 March 2019. In 2020 and 2021 we have so far seen significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review. We believe that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. Our view is that employer contributions should not be revisited as a general rule but the Administering Authority is consulting on updates to the Funding Strategy Statement which will allow the Fund to review contributions between valuations where there is a material change in employer covenant or liabilities, in line with the new regulations on contribution flexibilities introduced in September 2020. The position will be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2021 (the 31 March 2020 assumptions are included for comparison):

	31 March 2020	**31 March 2021**
Rate of return on investments (discount rate)	2.4% per annum	2.1% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.1% per annum	2.7% per annum
Rate of pay increases	3.35% per annum	3.95% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.2% per annum	2.8% per annum

The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020. During the year corporate bond yields decreased, resulting in a lower discount rate being used for IAS26 purposes at the year-end than at the beginning of the year (2.1% p.a. vs 2.4% p.a.). In addition, the expected long-term rate of CPI inflation increased during the year, from 2.1% p.a. to 2.7% p.a. Both of these factors served to increase the liabilities over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2020 was estimated as £2,922 million including the potential impact of the McCloud Judgment. Interest over the year increased the liabilities by c£69 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£9 million (this includes any increase in liabilities arising as a result of early retirements/ augmentations). There was also an increase in liabilities of £408 million due to "actuarial losses" (i.e. the effects of the changes in the actuarial assumptions used, referred to above, offset to a small extent by the fact that the 2021 pension increase award was less than assumed).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2021 is therefore £3,408 million.

GMP Indexation

The public service schemes were previously required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government has recently confirmed that it will extend this to include members reaching State Pension Age from 6 April 2021 onwards. This will give rise to a further cost to the LGPS and its employers, and an estimation of this cost was included within the IAS26 liabilities calculated last year and is again included in the overall liability figure above.

Michelle Doman
Fellow of the Institute and Faculty of Actuaries

Mark Wilson
Fellow of the Institute and Faculty of Actuaries

Mercer Limited
June 2021

Governance structure

Shropshire Council, as an administering authority is required to prepare, publish and maintain a governance compliance statement under regulation 55 of The Local Government Pension Scheme Regulations 2013.

Outline of the governance structure

The governance compliance statement prescribes how the Shropshire County Pension Fund is governed. It explains the role of the Pensions Committee and the Pensions Board and how it reports into the council. The make-up of the committee is outlined and the reasons for the current representation. The role of officers, independent advisors and employee and pensioner representatives are also clearly explained.

The governance compliance statement includes details of compliance against the best practice guidelines on pension fund governance that have been issued by the Ministry of Housing, Communities and Local Government. The governance arrangements of the Shropshire County Pension Fund adhere to these best practice guidelines.

Under the cabinet structure in local government, management of the pension fund is a non-executive function and this is reflected in Shropshire Council's governance structure as administering authority.

The Pensions Committee was established in 1994 with responsibility for all matters relating to the management and administration of the Shropshire County Pension Fund. The Pensions Committee is a standing committee of the council and is linked to Full Council by virtue of the Chairman or Vice Chairman being a Shropshire Council member.

The Shropshire County Pension Fund's local Pensions Board was established by Shropshire Council in 2015 under the powers of Section 5 of the Public Service Pensions Act 2013, and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013. The local Pensions Board operates independently of the Pensions Committee, details of which are set out in its terms of reference.

The latest version of the governance compliance statement was approved by the Pensions Committee in March 2020. Please see appendix 1 on page 79 for the latest copy.

Pensions Board report 2020/21

What a year it has been. We have seen the value of the fund drop dramatically, but then climb back a few months later to the best position we have been in for many years. Shropshire Council has had to cope with the closure of the Shirehall due to COVID, and it is to the enormous credit of the Pensions Team that they scarcely skipped a beat as they adapted to the massive challenges of working from home. This is, of course, due to a lot of hard work and considerable skill and determination on their part.

The Pension Board has seen some changes this year. Mike Morris, who has chaired the board since its inception in 2015 stepped down. I'm delighted that he has agreed to stay with us. His knowledge and experience will be of great value. Our meetings

The Pensions Board members 2020/21

John Hall (Chair)

Member representative

Mike Morris

Member representative

Philip Ingle

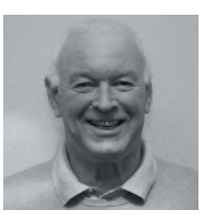
Employer representative
Housing Plus Group

Liz Furey

Employer representative
Harper Adams University College

Clare Charlesworth Jones

Employer Representative
Severn Bridges Multi Academy Trust



Dave Wright

Member representative

have had to be virtual rather than face to face. This has had some advantages: we have been able to attend without leaving home, as have those giving presentations. But we have missed being in the same room!

Our terms of reference were reviewed to clarify what we do and how we do it. A key change was to deliver on the promise to increase the size of the Board to give greater resilience - two additional members will be invaluable in maintaining the skill and experience needed to do its job.

Pensions Boards were set up to help ensure that each scheme complies with governance and administration requirements – in short, that it is well managed and efficiently administered. To do this, we consider quarterly reports from the Administration Team, and on the fund's investments, and the papers and minutes of the Pensions Committee. Essentially, the fund aims to have enough assets to meet all foreseeable demands on it – all the pensions payable now and in the future. At present, the scheme is in good shape.

The Pension Committee reviewed the investment strategy this year, looking at how we invest for the best outcomes. Members of the board joined training events preparing for this, giving us a better understanding of the considerations behind the decisions.

An important issue for us and many scheme members is how our funds are invested. We are mindful of the need to invest responsibly, as there is little point in getting a good return on our investments if they are creating a world unfit for future pensioners, so the environmental, social and governance performance those the scheme invests in are important considerations.

Pensions Boards are still relatively new organisations, and continue to evolve. A national body, The Scheme Advisory Board, advises on key issues, and organises meetings of local pension board members to keep us up to date on current issues. We are taking initial steps to find out how other boards operate and hope to take this forward in the coming year.

Committee members 2020/21

Thomas Biggins
(Chairman)

Shropshire Council
VOTING

Malcolm Smith
(Vice Chairman)

Telford & Wrekin Council
VOTING

Chris Mellings

Shropshire Council
VOTING

Brian Williams

Shropshire Council
VOTING

Michael Wood

Shropshire Council
VOTING

Rae Evans

Telford and Wrekin Council
VOTING

Jean Smith

Pensioner Representative
NON-VOTING

Laura Hoskison

Employee Representative
Shropshire Council

Byron Cooke

Telford and Wrekin Council
Employee Representative

Overall responsibility for the Shropshire County Pension Fund lies with Shropshire Council, however, this responsibility has been delegated to, James Walton, Executive Director of Resources (Section 151 Officer) who is the Scheme Administrator for the fund.

The Pension Fund Committee is responsible for advising the Scheme Administrator on the overall management of the fund and they do this by meeting four times a year, or otherwise as necessary.

Some of the main responsibilities of the committee are as follows:

- Monitor investment activities during the year
- Monitor overall performance of all the fund managers
- Oversee the appointment and termination of investment managers
- Monitor the activities of the administration function
- Accept new employers into the fund
- Reviewing governance arrangements

The agenda and minutes from each of the Pensions Committee meetings can be found on the Shropshire Council website which can be accessed here: www.shropshirecountypensionfund.co.uk

Training policy (members and officers)

As an administering authority of the Local Government Pension Scheme, Shropshire Council recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the pension scheme are equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

Training policy: The fund has adopted a training policy which sets out how the fund intends to meet its training responsibilities. The current training policy can be found in appendix 07.

Pensions Committee: The Pensions Committee meets quarterly or more often if required and at each meeting there is a training session usually delivered by the fund investment advisors, Aon, investment fund managers or officers. In addition, four investment strategy training workshops were held in 2020/21 and specific training on responsible investment, climate change and taskforce for climate related financial disclosures (TCFD). Topics are wide ranging and in the past year have included the following:

- Actuarial valuation updates
- Equity protection updates
- Responsible investment and ESG updates
- LGPS Central updates
- Investment strategy review
- Climate scenario analysis
- Carbon footprint monitoring
- Private markets
- Targeted return funds
- Equities including sustainable and low carbon funds
- Bonds
- Investment stewardship
- UK equities – responsible investment and stock specific examples
- BMO – responsible engagement

As well as specific training completed at each Pensions Committee meeting for members and senior officers, a number of additional training sessions were provided during the year for both members and officers. These included:

Pensions Board: Each Pension Board member received training throughout 2020/21. The training was either provided by the Local Government Association (LGA), Aon, CIPFA or was provided by officers in-house. Each Pension Board member and senior officer has completed the Pensions Regulator's eLearning programme and a skills assessment to identify areas where further training may be required in the future. Pension Board members also attended the investment strategy training workshops and Pension Committee meetings where a key theme this year was responsible investment and climate change.

Pensions annual meeting: The pensions annual meeting could not be held in person this year because of COVID-19 restrictions. As all the Pension Committee meetings and the employers meetings were held virtually, live recordings of the sessions and presentations can be found on Shropshire Council's website and Shropshire County Pension Fund's website. The annual report and accounts for 2020/21 can also be found at: www.shropshirecountypensionfund.co.uk

Officer attendance at conferences, seminars and networking groups: LGC Investment conferences, Pensions Managers Conference, LGA governance conference, CIPFA Pensions Audit & Accounting workshop, Shrewsbury Pensions Officers Group (SPOG), LGA National Communications Working Group and Regional Communications Working Group, PLSA investment and administration conference were all held virtually this year due to COVID-19.

As Executive Director of Resources (Section 151 Officer) and Scheme Administrator for Shropshire County Pension Fund, I confirm that the officers and members charged with the financial management of and decision making for the pension fund collectively possessed the requisite knowledge and skills necessary to discharge those duties and make the decisions required during the reporting period.

James Walton
Executive Director of Resources
(Section 151 Officer & Scheme Administrator)
17 September 2021

Pension fund account

Pension fund account for the year ended 31 March 2021

2019/20 £m		Notes (pages 48-66)	2020/21 £m	
	Contributions & Benefits			
	Contributions			
46.626	Employers	7	70.005	
15.706	Employees	7	16.471	
6.460	Transfers In from other pension funds	3,7	5.263	
68.792	**Total Income**			**91.739**
	Benefits Payable			
(62.251)	Pensions	7	(64.750)	
(10.620)	Commutation of pensions and lump sum retirement benefits	7	(10.497)	
(1.425)	Lump sum death benefits	7	(1.334)	
	Payments to & on account of leavers			
(0.224)	Refund of contributions	7	(0.190)	
(4.896)	Transfer to other Funds	3,7	(20.016)	
(79.416)	**Total Expenditure**			**(96.787)**
(10.624)	**Net additions/(withdrawals) from dealings with scheme members**			**(5.048)**
(17.712)	**Management Expenses**	8		**(17.826)**
(28.336)	**Net additions/(withdrawals) including fund management expenses**			**(22.874)**
	Returns on Investments			
28.402	Investment Income	3,9	25.477	
13.203	Gain/(loss) on cash and currency hedging		16.779	
(0.124)	Taxes on Income	10	(0.102)	
(97.123)	Profits and losses on disposal of investments and changes in value of investments	11a	343.417	
(55.642)	**Net return on investments**			**385.571**
(83.978)	**Net increase/(decrease) in the net assets available for benefits during the year**			**362.697**
1,915.301	**Opening Net Assets of the Scheme**			**1,831.323**
1,831.323	**Closing Net Assets of the Scheme**			**2,194.020**

Net assets statement

Net assets statement as at 31 March 2021

31/03/2020 £m		Notes (pages 48-66)	31/03/2021 £m	%
	Long term Investments			
1.315	**Equities**	11	1.315	0.06
	Investment Assets			
77.746	**Equities**	11	104.048	4.74
	Pooled Investment Vehicles			
1726.527	Other Managed Funds	11	2063.901	94.07
	Other Investment Balances			
0.685	Loans	11	0.685	0.03
	Cash Deposits			
18.650	Deposits	11	16.950	0.77
2.000	Temporary Investments	27	3.500	0.16
1826.923	**Total Investment Assets**		**2190.399**	**99.83**
	Current Assets			
5.205	Contributions due from Employers/Employees	18	4.322	0.20
1.708	Other Current Assets	18	2.443	0.11
0.397	Cash Balances	27	0.245	0.01
	Current Liabilities			
(0.172)	Unpaid Benefits	19	(0.577)	(0.02)
(2.738)	Other Current Liabilities	19	(2.812)	(0.13)
1831.323	**Net Assets of the Scheme - Available to Fund Benefits as at 31 March**		**2194.020**	**100.00**

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the statement by the consulting actuary.

Notes

To the Shropshire County Pension Fund accounts for the year ending 31 March 2021

Note 1: Description of fund

The Shropshire County Pension Fund is part of the Local Government Pension Scheme and is administered by Shropshire Council. The council is the reporting entity for this pension fund.

The fund is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Shropshire Council to provide pensions and other benefits for pensionable employees of Shropshire Council and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Shropshire County Pension Fund's Pensions Committee, which is a committee of Shropshire Council.

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Shropshire County Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 208 employers within the Shropshire County Pension Fund, including Shropshire Council itself, as detailed below.

Shropshire County Pension Fund	31 March 2021	31 March 2020
No of employers with active members	146	148
Number of employees in the scheme		
Shropshire Council	5,771	5,916
Other employers	10,749	10,718
Total	**16,520**	**16,634**
Number of pensioners in the scheme		
Shropshire Council	5,626	5,431
Other employers	5,945	5,664
Total	**11,571**	**11,095**
Number of deferred pensioners in the scheme		
Shropshire Council	8,591	8,644
Other employers	9,497	9,447
Total	**18,088**	**18,091**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2021. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2019. Currently, employer contribution rates range from 5.8% to 27.6% of pensionable pay.

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index.

A range of other benefits are also provided including early retirement, ill-health pensions and death benefits.

Note 2: Basis of preparation

The statement of accounts summarises the fund's transactions for the 2020/21 financial year and its financial position at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

IFRS9 requires the investment assets to be accounted for at fair value within the accounts. The adoption of IFRS9 had little impact on the accounts for pension funds as the investment assets were already held at fair value through profit and loss as directed by the code. As a consequence, there was no requirement to change the measurement or classification of these assets.

Paragraph 3.3.1.2 of the code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2020/21.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information within the statement by the consulting actuary.

Note 3: Summary of significant accounting policies

Fund account – revenue recognition

Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate. Contributions received earlier than the due date are accounted for on receipt and are recognised as contributions received within the pension fund account statement.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than due date.

Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the fund. Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (see note 7). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is also disclosed in the net assets statement as a current financial asset.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit/losses during the year.

Fund account – expense items

Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, provided that payment has been approved.

Taxation

The fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management expenses

The fund discloses its pension fund management expenses in accordance with CIPFA's guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

Administrative expenses	All staff costs relating to the pensions administration team are charged direct to the fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the fund.
Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the fund.
Investment management expenses	Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments. Fees charged by external investment managers and custodian are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. In addition, the fund has negotiated with Majedie Asset Management, Pimco Europe Ltd and BlackRock (hedge fund) that an element of their fee will be performance related. Total performance related fees for all managers in 2020/21 £1.271m (2019/20 £0.225m). Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2020/21, £0.077m of fees is based on such estimates (2019/20 £0.122m).

Net assets statement

Financial assets

The share capital investment in LGPS Central Limited is valued at transaction price i.e. cost. LGPS Central Limited began to trade on 3 April 2018 and consequently there are only limited trading results available. The pension fund's view is that the market value of this investment at 31 March 2021 cannot be reasonably assessed and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 11a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the code and IFRS13 (see note 14).

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

Financial liabilities

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Additional voluntary contributions

Shropshire County Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. Please see note 20 for further information.

Note 4: Critical judgments in applying accounting policies

Investment in LGPS Central

The Share Capital investment has been valued at cost on the basis that fair value as at 31 March 2021 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Limited did not commence trading until 3 April 2018
- No dividend to shareholders has as yet been declared
- Published trading results are only available for two years, which in the Fund's opinion does not give sufficient information to allow fair value to be accurately calculated on a net asset basis.

Note 5: Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (December 2018) and the special guidance issued March 2020 concerning the impact of COVID-19 on valuations. Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £180.4 million. There is a risk that this investment may be under or overstated in the accounts. A 5% movement in the valuation would equate to a £9.0m adjustment to the value of these assets.
Hedge funds	Some hedge fund investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total hedge fund value in the financial statements is £137.3 million. There is a risk that this investment may be under or overstated in the accounts. A 5% movement in the valuation would equate to a £6.9m adjustment to the value of these assets.

Note 6: Events after the reporting date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. There have been no events between 31 March 2021, and when these accounts were authorised, that require any adjustments to be made.

Global financial markets were particularly volatile during 2019/20 because of Brexit, COVID-19 and other significant political and geographical changes. This adversely affected the value of the fund's investments during this period despite careful management.

However, this downward trend did not continue during 2020/21 resulting in a £363 million increase in the fund value and the fund value has continued to increase until 31 July 2021.

Guaranteed minimum pensions (GMP) equalisation remedy in LGPS is still to be legislated on. GMP reconciliation has ensured that data is up to date for when any changes required are known.

The McCloud remedy in LGPS is still to be legislated for, with an expected date of 1 April 2022. The fund is not aware of any cases affected by the Goodwin test cases.

Note 7: Analysis of the main revenue account transactions

The following table provides further analysis of contributions received and benefits paid between the administering authority (Shropshire Council), designated bodies and scheme employers (unitary, town and parish councils) and admission bodies (private bodies carrying out former local government functions or bodies providing a public service on a non-profit making basis).

	Administering Authority	Admission Bodies	Designation Bodies / Scheme Employers	Total
	£m	£m	£m	£m
2020/21				
Contributions Received				
Employees	5.864	2.030	8.577	16.471
Employers	25.335	5.941	38.729	70.005
Transfers In	1.544	0.785	2.934	5.263
Total Income	**32.743**	**8.756**	**50.240**	**91.739**
Payments Made				
Pensions	36.952	8.207	19.591	64.750
Lump Sums	4.208	1.944	4.345	10.497
Death Benefits	0.455	0.408	0.471	1.334
Refunds	0.063	0.020	0.107	0.190
Transfers Out*	2.674	0.022	17.320	20.016
Total Expenditure	**44.352**	**10.601**	**41.834**	**96.787**
2019/20				
Contributions Received				
Employees	5.607	2.057	8.042	15.706
Employers	13.885	6.812	25.929	46.626
Transfers In	2.472	1.019	2.969	6.460
Total Income	**21.964**	**9.888**	**36.940**	**68.792**
Payments Made				
Pensions	35.938	7.675	18.638	62.251
Lump Sums	4.449	1.984	4.187	10.620
Death Benefits	0.533	0.445	0.447	1.425
Refunds	0.059	0.023	0.142	0.224
Transfers Out	2.196	0.586	2.114	4.896
Total Expenditure	**43.175**	**10.713**	**25.528**	**79.416**

*2020/21 transfers out figure includes £16.430m bulk transfers out.

This table shows a breakdown of the employers contributions above:

2019/20 £m	Employers Contribution Breakdown	2020/21 £m
36.630	Employers normal contributions	*54.083
8.177	Employers deficit contributions	**14.263
1.819	Employers augmentation contributions	1.659
46.626		**70.005**

* Employers normal contributions figure for 2020/21 includes upfront payment of 2021/22 normal contributions for Telford & Wrekin Council // ** Employers deficit contributions figure for 2020/21 includes upfront deficit payments covering three years for Shropshire Council

Note 8: Management expenses

This analysis of the costs of managing the Shropshire County Pension Fund during the period has been prepared in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

2019/20 £m	Management Expenses	2020/21 £m
1.050	Administrative costs	1.135
15.283	Investment management expenses	15.231
1.379	Oversight and governance costs	1.460
17.712		**17.826**

Each external investment manager receives a fee for their services based on the market value of the assets they manage on the fund's behalf. Active managers are required to produce a specific target return in excess of their benchmark return and are paid a performance related fee (over and above a basic fee) for reaching required levels of outperformance. The management fees disclosed also include all investment management fees directly incurred by the fund by pooled fund investments.

The investment management expenses shown below includes £1.271m (2019/20 £0.225m) in respect of performance related fees paid/payable to the fund's investment managers.

It also includes £3.028m in respect of transaction costs (2019/20 £2.561m).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (see note 11a).

2019/20 £m	Investment Management Expenses	2020/21 £m
9.052	Management Fees	8.901
0.225	Performance Fees	1.271
3.414	Other Fees	1.989
2.561	Transaction Costs	3.028
0.031	Custody Fees	0.042
15.283		**15.231**

The costs incurred by the fund in administering the fund totalled £1.135m for the year ended 31 March 2021 (2019/20 £1.050m).

2019/20 £m	Administrative costs	2020/21 £m
0.682	Employee costs	0.753
0.210	IT	0.218
0.032	Consultants	0.075
0.061	Printing, Postage and Design	0.039
0.020	Office Accommodation	0.021
0.016	Subscriptions	0.014
0.029	Other Costs	0.015
1.050		**1.135**

The costs incurred by the fund in oversight and governance totalled £1.460m for the year ended 31 March 2021 (2019/20 £1.379m).

2019/20 £m	Oversight & governance costs	2020/21 £m
0.386	Investment advice	0.427
0.190	Employee costs (pensions investment)	0.234
0.154	Actuarial advice	0.074
0.475	LGPS Central Pooling costs	0.582
0.065	Responsible engagement overlay	0.050
0.020	External audit	*0.022
0.029	Performance analysis	0.028
0.019	Internal audit	0.022
0.016	Legal and Committee	0.007
0.025	Other costs	0.014
1.379		**1.460**

* The External audit figure for 2020/21 comprises the current year audit fee paid of £18,039 and £4,250 agreed fee variation charge for completing the 2019/20 audit. The total audit fee for 2020/21 as noted in the audit plan is £30,289. The outstanding amount due will be paid and accounted for in 2021/22

Note 8a: Investment management expenses

The tables below show a breakdown of investment management expenses by investment type.

2020/21	Total	Management fees	Performance related fees	Transaction costs	Other costs
	£m	£m	£m	£m	£m
Equities	0.709	0.366	0.000	0.343	0.000
Pooled investments Vehicles					
Global Equity	2.123	1.115	0.000	0.954	0.054
Fixed Income	3.162	1.945	0.000	1.034	0.183
Hedge Fund of Funds	2.217	0.711	1.271	0.000	0.235
Infrastructure	2.146	2.049	0.000	0.000	0.097
Pooled Property Investments	0.953	0.281	0.000	0.672	0.000
Private Equity	3.035	1.793	0.000	0.000	1.242
Property Debt	0.561	0.420	0.000	0.000	0.141
Insurance Linked Securities	0.283	0.221	0.000	0.025	0.037
	15.189	**8.901**	**1.271**	**3.028**	**1.989**
Custody Fees	0.042				
Total	**15.231**				

2019/20	Total	Management fees	Performance related fees	Transaction costs	Other costs
	£m	£m	£m	£m	£m
Equities	0.712	0.406	0.000	0.306	0.000
Pooled investments Vehicles					
Global Equity	2.513	1.065	0.000	1.414	0.034
Fixed Income	3.361	2.198	0.000	0.817	0.346
Hedge Fund of Funds	1.035	0.584	0.225	0.000	0.226
Infrastructure	2.542	2.477	0.000	0.000	0.065
Pooled Property Investments	1.373	0.307	0.000	0.000	1.066
Private Equity	2.986	1.584	0.000	0.000	1.402
Property Debt	0.453	0.229	0.000	0.000	0.224
Insurance Linked Securities	0.277	0.202	0.000	0.024	0.051
	15.252	**9.052**	**0.225**	**2.561**	**3.414**
Custody Fees	0.031				
Total	**15.283**				

Note 9: Investment income

The table below analyses the investment income received by the fund over the last twelve months.

2019/20 £m	Investment income	2020/21 £m
5.493	Dividends from equities	3.053
8.621	Income from pooled investment vehicles	8.344
0.053	Interest on cash deposits	0.035
14.235	Other	14.045
28.402		**25.477**

Note 10: Taxes on income

This table breaks down the taxes on income by asset class.

2019/20 £m	Taxes on Income	2020/21 £m
0.000	Withholding tax - Fixed interest securities	0.000
0.026	Withholding tax - equities	0.030
0.098	Withholding tax - pooled	0.072
0.124		**0.102**

Note 11: Investments

The table below analyses investment assets by type of investment.

2019/20 £m	Investments	2020/21 £m
	Investment Assets	
77.746	**Equities**	104.048
	Pooled Funds	
780.233	Global Equity	999.156
477.682	Fixed Income	511.776
117.950	Hedge Fund of Funds	137.333
76.961	Infrastructure	69.301
85.290	Pooled property investments	75.611
119.887	Private Equity	180.438
36.928	Property Debt	57.777
31.596	Insurance Linked Securities	32.509
	Other investments	
0.685	Loans	0.685
	Cash Deposits	
18.650	Deposits	16.950
2.000	Temporary Investments	3.500
1825.608		**2189.084**
	Long-term investments	
	UK unquoted equities	
1.315	Shares in LGPS Central asset pool	1.315
1826.923	**Total investment assets**	**2190.399**

Note 11a: Reconciliation of movements in investments

2020/21	Value as at 1st April 2020	Purchases at cost	Sale proceeds	Other cash transactions	Change in market value	Value as at 31st March 2021
Investment type	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Equities	79.061	56.114	(52.719)		22.907	*105.363
Pooled investment vehicles - Other managed funds	1726.527	207.619	(197.843)	7.119	320.479	*2063.901
Other investment balances	0.685					0.685
	1806.273	**263.733**	**(250.562)**	**7.119**	**343.386**	**2169.949**
Cash deposits - with managers	18.650		(0.014)	(1.718)	0.032	16.950
Temporary investments	2.000			1.500		3.500
	1826.923	**263.733**	**(250.576)**	**6.901**	****343.418**	**2190.399**

* Within the Pooled Investment Vehicles - other managed funds total of £2063.901m are £408.057m of level 3 investments as at 31 March 2021. Within the Equities figure of £105.363m are £1.315m of level 3 investments as at 31 March 2021. The value of the level 3 investments was £307.676m as at 1st April 2020 which increased to £409.372m as at 31 March 2021. The increase in value is due to purchases of £56.083m, sales of £11.625m and change in market value of £57.238m. // ** The total change in market value for 2020/21 as per the table above is £343.418m. This figure is made of up of profit on sales of £20.049m and also the difference between book cost and market value for the whole Fund which for 2020/21 was £323.369m.

2019/20	Value as at 1st April 2019	Purchases at cost	Sale proceeds	Other cash transactions	Change in market value	Value as at 31st March 2020
Investment type	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Equities	127.254	48.977	(70.459)		(26.711)	*79.061
Pooled investment vehicles - Other managed funds	1667.601	207.214	(69.239)	(8.595)	(70.454)	*1726.527
Other investment balances	0.685					0.685
	1795.540	**256.191**	**(139.698)**	**(8.595)**	**(97.165)**	**1806.273**
Cash deposits - with managers	115.796		(0.044)	(97.145)	0.043	18.650
Temporary investments	2.000					2.000
	1913.336	**256.191**	**(139.742)**	**(105.740)**	****(97.122)**	**1826.923**

* Within the pooled investment vehicles - other managed funds total of £1726.527m are £306.361m of level 3 investments as at 31 March 2020. Within the equities figure of £79.061m are £1.315m of level 3 investments as at 31 March 2020. The value of the level 3 investments was £274.472m as at 1st April 2019 which increased to £307.676m as at 31 March 2020. The increase in value is due to purchases of £47.266m, sales of £14.796m and change in market value of £0.734m. // ** The total change in market value for 2019/20 as per the table above is -£97.122m. This figure is made of up of profit on sales of £7.988m and also the difference between book cost and market value for the whole fund which for 2019/20 was -£105.110m.

Note 12: Stock lending

The fund participates in a stock lending programme with its custodian, Northern Trust to lend eligible securities from within its portfolio of stocks to third parties in return for collateral. Collateral is restricted to AAA sovereign debt (the highest rated collateral available).

Collateralised lending generated income of £0.003m in 2020/21 and this is included within investment income in the pension fund account. At 31 March 2021 £2.841m worth of stock (via the custodian) was on loan, for which the fund was in receipt (via the custodian) of £3.055m worth of collateral representing 108% of stock on loan.

Although stock lending involves the transfer of title of those securities to the borrower, the lender's rights to the normal benefits and corporate actions that would have arisen had the asset not been lent are protected. The lender thus retains an economic interest in the securities transferred. During the period stock is on loan, the voting rights of the loaned stock pass to the borrower.

There are no liabilities associated with the loaned assets.

Note 13: Analysis of derivatives

Currently, Legal & General, who manage the global equity passive portfolio, hedge 100% of their foreign currency exposure back to sterling. The global equity passive portfolio also has an equity protection strategy in place.

Note 14: Fair value - basis of valuation

Unquoted equities in LGPS Central are valued using the cost approach / considering fair value at initial recognition approach as these methodologies provide viable approaches to valuing this shareholding, and they both generate consistent valuations at historic cost less any adjustment for impairment. This will be the approach used for valuing this holding until any change in circumstances creates an alternative approach.

All other investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

The valuation basis for each category of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted equities and pooled fund investments	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Pooled equity fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled fixed income fund investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Infrastructure	Level 2	Includes publicly listed investments. Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Shares in LGPS Central asset pool	Level 3	Valued using cost approach and considering fair value at initial recognition approach	No market for shares in LGPS Central and no immediate plans to pay dividends. Cost approach generates a figure similar to the original cost of investment when LGPS Central was created	Valuation reviewed on an annual basis to ascertain if there is any reason that this valuation may have been impaired
Insurance linked securities	Level 3	Closing single price. Investments are fair valued using earned net assets value method	NAV based pricing set on a forward pricing basis. NAV based pricing based upon either 3rd party broker marks or independent Milliman valuations using available industry loss assumptions and 3rd party reports.	Valuations could be affected by any changes to underlying values of the invested portfolio. Value appreciation/depreciation is typically dependent on and contingent on specific insurance events/triggers not occurring.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Property Debt	Level 3	Valued using amortised cost and considering fair value at initial recognition approach	Underlying property value, projected future cashflows, cash available, indicative market interest rates for similar products	Valuation reviewed on a quarterly basis to ascertain if there is a reason that this valuation may have been impaired
Private Equity and other unquoted	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020) or other appropriate quidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valuations received directly from the third party hedge funds with which the fund of hedge fund manager invests	Valuations/prices of the investments held are not publicly available. NAV based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against

Sensitivity of assets valued at level 3:
The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2021 and 31 March 2020.

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-21 £m	Potential value on increase £m	Potential value on decrease £m
Private Equity	5%	180.438	189.460	171.416
Hedge Funds	5%	137.333	144.200	130.466
Insurance Linked	5%	32.509	34.134	30.884
Property Debt	5%	57.777	60.666	54.888
Unquoted UK Equity	5%	1.315	1.381	1.249
Total		**409.372**	**429.841**	**388.903**

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-20 £m	Potential value on increase £m	Potential value on decrease £m
Private Equity	5%	119.887	125.881	113.893
Hedge Funds	5%	117.950	123.848	112.052
Insurance Linked	5%	31.596	33.176	30.016
Property Debt	5%	36.928	38.774	35.082
Unquoted UK Equity	5%	1.315	1.381	1.249
Total		**307.676**	**323.060**	**292.292**

Note 14a: Fair value hierarchy

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.

Level 2: Where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3: Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Shropshire County Pension Fund has invested.

These valuations are prepared in accordance with the international private equity and venture capital valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are undertaken quarterly.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Asset Type 2020/21	Investment Manager	Investment Type	Market Value £m	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m
Equities	Majedie Asset Management	UK Equities	104.042	104.042		
	LGPS Central Ltd*	UK Equities (unquoted)	1.315			1.315
Pooled Investment Vehicles	Majedie Asset Management	UK Pooled Fund	8.267	8.267		
	Pimco Europe Ltd	Global Bonds	142.416		142.416	
	HarbourVest Partners Ltd	Private Equity	180.438			180.438
	Aberdeen Property Investors	Property Unit Trusts	75.611		75.611	
	Blackrock	Hedge Fund	137.333			137.333
	Global Infrastructure Partners	Infrastructure	69.301		69.301	
	Legal & General	Global Equities	672.984		672.984	
	Blackrock	Fixed Interest	152.946		152.946	
	T.Rowe Price	Global Dynamic Bonds	149.017		149.017	
	BMO	LDI	67.397		67.397	
	Securis	Insurance Linked Securities	32.509			32.509
	DRC	Property Debt	57.777			57.777
	LGPS Central Ltd	Global Equities	317.905	317.905		
Cash Deposits & Other (including net Current Assets)			24.762	24.762		
			2194.020	**454.976**	**1329.672**	**409.372**

Asset Type 2019/20	Investment Manager	Investment Type	Market Value £m	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m
Equities	Majedie Asset Management	UK Equities	77.742	77.742		
	LGPS Central Ltd*	UK Equities (unquoted)	1.315			1.315
Pooled Investment Vehicles	Majedie Asset Management	UK Pooled Fund	5.338	5.338		
	Pimco Europe Ltd	Global Aggregate Bonds	137.126	137.126		
	HarbourVest Partners Ltd	Private Equity	119.887			119.887
	Aberdeen Property Investors	Property Unit Trusts	85.290		85.290	
	Blackrock	Hedge Fund	117.950			117.950
	Global Infrastructure Partners	Infrastructure	76.961		76.961	
	Legal & General	Global Equities	559.961	559.961		
	Blackrock	Fixed Interest	135.629	135.629		
	T.Rowe Price	Global Dynamic Bonds	138.121	138.121		
	BMO	LDI	66.806	66.806		
	Securis	Insurance Linked Securities	31.596			31.596
	DRC	Property Debt	36.928			36.928
	LGPS Central Ltd	Global Equities	214.934	214.934		
Cash Deposits & Other (including net current assets)			25.739	25.739		
			1831.323	**1361.396**	**162.251**	**307.676**

*Share capital investment in LGPS Central Limited has been carried at cost

Note 15: Financial instruments

Note 15a: Classification of financial instruments

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

31-Mar-20				31-Mar-21		
Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£m	£m	£m		£m	£m	£m
			Investment Assets			
1.315			Equities	1.315		
			Financial Assets			
77.746			Equities	104.048		
1726.527			Pooled Investment Vehicles - Other managed funds	2063.901		
	0.685		Other Investment Balances - Loans		0.685	
	21.047		Cash		20.695	
	6.913		Debtors		6.765	
1805.588	**28.645**	**0.000**		**2169.264**	**28.145**	**0.000**
			Financial liabilities			
		(2.910)	Creditors			(3.389)
0.000	**0.000**	**(2.910)**		**0.000**	**0.000**	**(3.389)**
1805.588	**28.645**	**(2.910)**		**2169.264**	**28.145**	**(3.389)**

Note 15b: Net gains and losses on financial instruments

2019/20 £m	Financial instruments	2020/21 £m
	Financial Assets	
(97.123)	Fair value through profit and loss	343.417
0.000	Loans and receivables	0.000
0.000	Financial liabilities measured at amortised cost	0.000
	Financial Liabilities	
0.000	Fair value through profit and loss	0.000
0.000	Loans and receivables	0.000
0.000	Financial liabilities measured at amortised cost	0.000
(97.123)		**343.417**

Note 16: Nature and extent of risks arising from financial instruments

Risk and risk management

The fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits to pay members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the fund's risk management strategy rests with the Pension's Committee. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the assets mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis and manage any identified risk in two ways:

1. The exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
2. Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Other price risk – sensitivity analysis

In consultation with its investment advisors, the fund has determined that the following movements in market price risk are reasonably possible for the 2021/22 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Asset type	Potential market movements (+/-)
UK Equities	19.0%
Global unconstrained Equities	21.1%
Global Equities (passive)	20.0%
Unconstrained bonds	5.7%
Property	12.5%
Private Equity	28.3%
Hedge Funds	9.3%
Infrastructure	19.3%
Property Debt	7.2%
Insurance-Linked Securities	4.5%
LDI	24.1%

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows.

Asset type	Value as at 31 March 2021 £m	Potential market movement £m	Value on Increase £m	Value on Decrease £m
Net Assets including Cash and Other	26.071	0.000	26.071	26.071
Investment Portfolio Assets				
UK Equities	103.652	19.694	123.346	83.958
Global Equities (unconstrained)	326.568	68.906	395.474	257.662
Global Equities (passive)	672.984	134.597	807.581	538.387
Unconstrained Bonds	444.379	25.330	469.709	419.049
Property	75.611	9.451	85.062	66.160
Private Equity	180.438	51.064	231.502	129.374
Hedge Funds	137.333	12.772	150.105	124.561
Infrastructure	69.301	13.375	82.676	55.926
Property Debt	57.777	4.160	61.937	53.617
Insurance-Linked Securities	32.509	1.463	33.972	31.046
LDI	67.397	16.243	83.640	51.154
Total assets available to pay benefits	**2,194.020**	**357.055**	**2,551.075**	**1,836.965**

Asset type	Value as at 31 March 2020 £m	Potential market movement £m	Value on Increase £m	Value on Decrease £m
Net Assets including Cash and Other	27.050	0.000	27.050	27.050
Investment Portfolio Assets				
UK Equities	74.022	14.064	88.086	59.958
Global Equities (unconstrained)	223.996	47.487	271.483	176.509
Global Equities (passive)	559.961	111.992	671.953	447.969
Unconstrained Bonds	410.876	22.598	433.474	388.278
Property	85.290	14.499	99.789	70.791
Private Equity	119.887	34.168	154.055	85.719
Hedge Funds	117.950	11.205	129.155	106.745
Infrastructure	76.961	15.007	91.968	61.954
Property Debt	36.928	3.139	40.067	33.789
Insurance-Linked Securities	31.596	1.422	33.018	30.174
LDI	66.806	20.576	87.382	46.230
Total assets available to pay benefits	**1,831.323**	**296.157**	**2,127.480**	**1,535.166**

Interest rate risk

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

The fund's direct exposure to interest rate movements as at 31 March 2021 and 31 March 2020 is set out below.

Asset type	As at 31 March 2021 £m	As at 31 March 2020 £m
Cash and cash equivalents	16.950	9.692
Cash balances	0.245	0.397
Bonds	444.379	410.876
Total	**461.574**	**420.965**

The following analysis shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates assuming all variables, in particular exchange rates, remain constant. This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Exposure to interest rate risk	Value as at 31 March £m	Potential movement on 1% change in interest rates £m	Value on Increase £m	Value on Decrease £m
As at 31 March 2021				
Cash and cash equivalents	16.950	0.000	16.950	16.950
Cash balances	0.245	0.000	0.245	0.245
Bonds	444.379	4.444	448.823	439.935
Total	**461.574**	**4.444**	**466.018**	**457.130**

Exposure to interest rate risk	Value as at 31 March £m	Potential movement on 1% change in interest rates £m	Value on Increase £m	Value on Decrease £m
As at 31 March 2020				
Cash and cash equivalents	9.692	0.000	9.692	9.692
Cash balances	0.397	0.000	0.397	0.397
Bonds	410.876	4.109	414.985	406.767
Total	**420.965**	**4.109**	**425.074**	**416.856**

During 2020/21 the fund received £0.003m in interest from surplus pension fund revenue cash. This was either invested in call accounts which are classified as a variable rate investment or a fixed term deposit. If interest rates throughout the year had been 1% higher this would have increased the amount of interest earned on these investments by £0.026m. The impact of a 1% fall in interest rates would imply a negative interest rate and therefore it is assumed no interest would have been received or charged on these investments. In addition, the fund earned £0.032m in interest on its loan to LGPS Central Ltd. The impact of a 1% change in interest rates would have increased or decreased interest earned on this loan by £0.007m

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the fund investment advisors, the fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency risk – sensitivity analysis

Assets exposed to currency risk	Asset value as at 31 March 2021 £m	Potential market movement £m	Value on Increase £m 10%	Value on Decrease £m 10%
Overseas Equities	303.977	30.398	334.375	273.579
Overseas Private Equity	180.438	18.044	198.482	162.394
Overseas Pooled Property	0.133	0.013	0.146	0.120
Overseas Infrastructure	69.301	6.930	76.231	62.371
Total change in assets available to pay benefits	**553.849**	**55.385**	**609.234**	**498.464**

Assets exposed to currency risk	Asset value as at 31 March 2020 £m	Potential market movement £m	Value on Increase £m 10%	Value on Decrease £m 10%
Overseas Equities	209.188	20.919	230.107	188.269
Overseas Private Equity	119.887	11.989	131.876	107.898
Overseas Pooled Property	2.257	0.226	2.483	2.031
Overseas Infrastructure	76.961	7.696	84.657	69.265
Total change in assets available to pay benefits	**408.293**	**40.830**	**449.123**	**367.463**

Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers, so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2021 and 31 March 2020 were received in the first two months of the financial year.

In January 2018 the fund advanced a loan of £0.685m to LGPS Central asset pool on commercial rates, repayable in 2027. LGPS Central have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2021 is therefore not considered to be significant and no credit loss adjustment has been made.

The fund has set limits on the maximum sum placed on deposit with individual financial institutions.

The investment priorities for the management of the pension fund revenue cash held for day to day transactions are the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the minimisation of risk. Accordingly, the administering authority ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the administering authority's creditworthiness policy which the pension fund has also adopted and approved as part of the annual pension fund treasury strategy.

The fund's lending list is reviewed continuously in conjunction with the administering authority's treasury advisor. The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. The maximum amount is currently limited to £4,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions, part nationalised institutions and other local authorities. In addition to credit ratings, the administering authority continually monitors the financial press and removes institutions from its approved lending list immediately if appropriate.

The pension fund has had no experience of default or uncollectable deposits over the past five financial years.

	Rating	As at 31 March 2021 £	As at 31 March 2020 £
Handelsbanken Instant Access Account	AA	2,000,000	2,000,000
Nat West Instant Access Account	A+	1,500,000	0
TOTAL		3,500,000	2,000,000

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due i.e. that cash is not available when required. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The fund's cash holding under its treasury management arrangements at 31 March 2021 was £3.5m (31 March 2020 £2.0m).

The fund has immediate access to cash through two instant access accounts which at any one time could have up to £6 million available in total. The fund also has the ability to access immediate cash held by Northern Trust which as at 31 March 2021 was £7.756m. The fund does not have access to an overdraft facility.

Officers prepare a daily cash flow forecast to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the investment strategy.

Note 17: Funding arrangements

In line with the Local Government Pension Scheme Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019 and the next valuation will take place as at 31 March 2022.

The key elements of the funding policy are:

- To ensure the long-term solvency of the fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- To ensure that employer contribution rates are as stable as possible
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- To reflect the different characteristics of employing bodies in determining contribution rates where it considers it reasonable to do so
- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations

The aim is to achieve 100% solvency over a period of 19 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. For each individual employer, the funding objective, method and assumptions depend on a particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the funding strategy statement.

At the 2019 actuarial valuation, the fund was assessed as 94% funded (84% at the March 2016 valuation). This corresponded to a deficit of £132 million (2016 valuation was £278 million) at that time. Revised contributions set by the 2019 valuation were introduced in 2020/21 and the common contribution rate (i.e. the average employer contribution rate in respect of future service only) is 16.6% of pensionable pay (14.9% at the March 2016 valuation).

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows:

Financial assumptions	31 March 2019	31 March 2016
Discount rate	4.25% p.a.	4.55% p.a.
Assumed long term CPI inflation	2.4% p.a.	2.2% p.a.
Salary increases – long term	3.65% p.a.	3.70% p.a.
Salary increases – short term	No allowance	1% p.a. for 4 years
Pension increases in payment	2.4% p.a.	2.2% p.a.

The assumed life expectancy from age 65 is as follows:

Demographic assumptions	Gender	31 March 2019	31 March 2016
Current pensioners (at age 65)	Males	22.8	22.9
	Females	24.9	26.1
Future pensioners (assumed current age 45)	Males	24.1	25.1
	Females	26.6	28.4

It is assumed that, on average, retiring members will take 80% of the maximum tax-free cash available at retirement.

Note 18: Analysis of debtors

Provision has been made for debtors known to be outstanding as at 31 March 2021. An analysis of debtors outstanding as at 31 March 2021 is shown below:

2019/20 £m	Debtors	2020/21 £m
1.186	Contributions due - employees	1.260
4.019	Contributions due - employers	3.062
1.708	Other entities and individuals	2.443
6.913		**6.765**

Note 19: Analysis of creditors

Provision has also been made for creditors known to be outstanding at 31 March 2021. An analysis of creditors outstanding as at 31 March 2021 is shown below:

2019/20 £m	Creditors	2020/21 £m
0.615	Central Government bodies	0.670
1.309	Other Local Authorities	1.441
0.986	Other entities and individuals	1.278
2.910		**3.389**

Note 20: Additional voluntary contributions

Scheme members have the option to make Additional Voluntary Contributions (AVCs) to enhance their pension benefits. These contributions are invested with an appropriate provider and used to purchase an annuity at retirement. Contributions are paid directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Contributions are invested in with-profit, unit linked or deposit funds of the scheme member. At present there are around 498 scheme members with AVC policies. These policies are held either by Utmost or Prudential.

During 2020/21 contributions to schemes amounted to £0.611m. The combined value of the AVC funds as at 31 March 2021 was £4.916m.

There is a delay nationally in the issue of Prudential year end statements and therefore figures for contributions paid and value of Prudential AVC funds as at 31 March 2021 included above are estimated.

Note 21: Related party transactions

Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £1.475m (2019/20 £1.339m) in relation to the administration and management of the fund and all these costs were recharged to the pension fund.

Shropshire Council is also the single largest employer of members of the pension fund. At the year end, a balance of £1.421m was due to the fund from the council relating to contributions which became due in March but were paid in April and other payments due.

Several employees of Shropshire Council hold key positions in the financial management of the Shropshire County Pension Fund. The Executive Director of Resources (s151 Officer & Scheme Administrator), the Head of Treasury and Pensions, the Treasury Accountant, the Investment Officer and the Pensions Administration Manager are all active members of the fund.

Under the Local Government Pension Scheme 1997 Regulations, councillors were entitled to join the scheme. Legislation which came into force on 1 April 2014 meant the LGPS was only available to councillors and elected mayors of an English County Council or District Council who elected to join before 31 March 2014. From 1 April 2014, access to the LGPS for councillors was removed and those councillor members who were in the scheme on the 31 March 2014 could only remain in the scheme until the end of their current term of office. The remaining active councillor members were removed from the scheme in May 2017 at the end of their individual term of office. All councillor members who sit on the Pensions Committee who joined the LGPS before 31 March 2014 are now either deferred or pensioner members of the fund.

LGPS Central

LGPS Central (LGPSC) has been established to manage investment assets on behalf of nine Local

Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC pool.

The fund invested £1.315m in share capital and £0.685m in a loan to LGPSC in 2017/18. These remain the balances at 31 March 2021. The fund was owed interest of £0.032m on the loan to LGPSC at 31 March 2021.

In addition, in March 2019, the fund invested in the LGPSC global equity sub-fund. The fund incurred direct costs totalling £1.294m in respect of this investment of which £0.007 was payable to LGPSC at 31 March 2021.

The fund incurred costs totalling £0.562m in respect of governance, operator running and product development in connection with LGPSC in 2020/21 of which £0.105m was payable to LGPSC at 31 March 2021.

Note 21a: Key management personnel

The posts of Executive Director of Resources (s151 Officer and Scheme Administrator) and Head of Treasury and Pensions are deemed to be key management personnel with regards to the fund. The financial value of their relationship with the fund (in accordance with IAS24) is set out below:

2019/20 £m		2020/21 £m
0.108	Short-term benefits*	0.111
0.063	Post-employment benefits**	0.047
0.171		**0.158**

* This is the pension fund's element of short term remuneration for key management personnel, i.e. annual salary, benefits in kind and employer contributions.
** This is the change in value of accrued pension benefits, expressed as cash equivalent transfer value.

Note 22: Contractual commitments

The fund has a 6% (£131 million) strategic asset allocation to private equity, and a 6.5% (£142 million) strategic asset allocation to infrastructure. It is necessary to over commit the strategic asset allocation because some private equity and infrastructure investments will mature and be repaid before the committed capital is fully invested.

As at 31 March 2021 £267m has been committed to investment in private equity via a fund of funds manager, HarbourVest Partners. Investment in this asset class will be made as opportunities arise over the next two to three years. As at 31 March 2021 the fund's private equity investments totalled £180.438m.

As at 31 March 2021 £127m has been committed to investment in Infrastructure via global infrastructure partners. Investment in this asset class will be made as opportunities arise over the next two to three years. As at 31 March 2021 the fund's infrastructure investments totalled £69.301m.

The revised strategic asset allocation has only just been agreed by committee and this is the reason why the amount committed to investment in infrastructure is lower than the estimate based on strategic asset allocation.

Note 23: Contingent assets

Twelve admitted body employers in the Shropshire County Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default.

Note 24: Value added tax

The fund is reimbursed VAT by HM Revenue and Customs. The accounts are shown exclusive of VAT.

Note 25: Custody of investments

Custodial services are provided to the fund by Northern Trust. This includes the safekeeping of assets, the collection of income, the exercise of voting rights and the monitoring and execution of corporate actions in conjunction with investment managers. The custodian also provides independent confirmation of the assets and their value held by the fund. Securities are held on a segregated basis via a nominee account and are clearly separated from the custodian's own assets.

Note 26: Fund auditors

Grant Thornton has completed its audit in accordance with the Local Audit and Accountability Act 2014 and International Standards on Auditing

(UK and Ireland) issued by the Auditing Practice Board. The audit certificate is published within this report.

Note 27: Pension fund bank account

Since April 2010, all income received for the pension fund has been paid into a separate pension fund bank account. The balance on this account is monitored daily and surplus cash balances invested. As at 31 March 2021, £3.5 million was invested. The cash balance in the pension fund account as at the same date was £0.245m.

Note 28: Fund structure update

In September 2017, an equity protection strategy was implemented with Legal & General, one of the fund's existing managers. The strategy is currently being used to reduce equity risk while the fund considers making allocations to other investments, with £280 million of equities being protected at this time. The equity protection strategy was increased during 2018/19 to £580 million for a further period of 12 to 18 months expiring in 2020. This was funded by reducing the fund's active global equity allocation. During March 2020, due to the fall in equity markets due to the global pandemic, a further £70 million of equity protection was implemented with Legal and General which expires in June 2021. Due to the strong bounce back in equity markets during 2020/21, a decision was made to reduce the options expiring in December 2020 from £300 million to £215 million and to just protect US equities where valuations were still very high. In May 2021, the £140 million options expiring in June 2021 were terminated again because of the strong bounce back in equity markets and because of the approval of the revised strategic asset allocations in March 2021. The remaining equity protection expires in September & December 2021 and a decision will be made later in the year on these.

In March 2019, the first assets transferred from the Shropshire Fund to LGPS Central, the mandates with MFS, Harris & Investec were terminated and funds of £237 million transitioned into the active global equity sub-fund with LGPS Central. The value of these assets as at 31 March 2021 was £318 million. Further assets are expected to transfer during 2021/22 when new funds are launched, these include Infrastructure, targeted return, private debt, private equity and sustainable equities.

In May 2020, the fund committed to the next HarbourVest fund, HIPEP Fund IX. The total fund commitment over the life of HIPEP IX is $20 million. The fund is still in the early capital commitment stage and no funds have been drawn down to date.

During the financial year, the fund invested $5 million into the new Global Infrastructure Partners IV fund. The total fund commitment over the life of GIP IV is $75 million.

In May 2020, following agreement with the chair and scheme administrator, a redemption request was submitted to PIMCO. Funds from the PIMCO PARS IV fund were repaid in full and invested in the PIMCO Global Libor Plus Bond Fund in October 2020.

Pooling report

The information request set out below reflects the information required by partner funds to meet the CIPFA Annual Report Pooling Disclosures in 2020/21. Please note that the information request reflects the start-up nature of LGPSC, and the level and complexity of the disclosures required will increase in later years.

The analysis provided by LGPSC relates to Shropshire County Pension Fund. The provision of the information by LGPSC to each partner fund should ensure consistent reporting across partner funds, and allow LGPSC to aggregate, and reconcile back the individual partner fund disclosures, to the company's financial statements.

1. Set-up costs

£000	2018/19 Direct	2018/19 Indirect	2018/19 Total	Cumulative 2014/15 to 2018/19 Total
Set Up Costs				
Recruitment	-	-	-	27
Procurement	-	-	-	2
Professional Fees	-	-	-	187
IT	-	-	-	97
Staff Costs	-	-	-	142
Other Costs (provide details)				
Premises	-	-	-	49
Staffing-Related Costs	-	-	-	5
Travel and Expenses	-	-	-	1
Training and Events	-	-	-	1
FCA Fees	-	-	-	1
General Admin Costs	-	-	-	2
Set-Up Costs Before Funding	**-**	**-**	**-**	**514**
Share Capital	-	-	-	1,315
Debt	-	-	-	685
Other Costs	-	-	-	-
Set-Up Costs After Funding	**-**	**-**	**-**	**2,514**
Transition fees				
Taxation (seeding relief)				
Other transition costs				
Transition Costs				

Please note that CIPFA has not provided a set definition of indirect costs but notes that ''these would include, for example, overhead costs incurred by the administering authority or the pool in respect of senior management time, accommodation or support services recharged on a % of time/floor area basis as opposed to being directly linked to pension fund activities''. It appears likely to PAF Finance that the set-up costs captured to date relate to direct costs (i.e. either incurred directly by LGPSC or recharged by partner funds to LGPSC).

£000	2014/15	2015/16	2016/17	2017/18	2018/19	Cumulative
Set-Up Costs Before Funding	**-**	**-**	**95**	**419**	**-**	**514**
Set-Up Costs After Funding	**-**	**-**	**95**	**2,419**	**-**	**2,514**
Transition Costs						

Transition fees – please see item 7 later for a more detailed breakdown of the information required.

Recharges by partner funds to LGPSC in respect of set-up costs

£000	At 1 April-18	Recharges in Year	Settled in Year	At 31 March-19
Set-Up Cost Recharges	502	-	(502)	-

2. Governance, operator and product development charged by LGPSC to partner funds

£000	At 1 April-20	Charges in Year	Settled in Year	At 31 March-21
Governance Costs	-	231	-	-
Operator Costs	-	233	-	-
IMMC (*)	-	33	-	-
Product Development Costs	-	65	-	-
Total	**98**	**562**	**(555)**	**105**

(*) Please note that this is expected to relate to IMMC charges in respect of any discretionary and/or advisory services provided by LGPSC to a partner fund. Any IMMCs (both internal and external charges) which are charged directly to a product (e.g. ACS sub-funds and SLP Private Equity) should be disclosed through information request (5) and (6) below.

3. Other transactions between partner funds and LGPSC

£000	At 1 April-20	Charges in Year	Settled in Year	At 31 March-21
Interest Payable	36	32	(36)	32
Item 2				
Item 3				
Total	**36**	**32**	**(36)**	**32**

4. LGPSC investment management expenses charged to partner funds

	£000	Direct	Indirect	Total	BPS Charge
1	Ad Valorem	608		608	22.03
2	Performance	-		-	-
3	Research	-		-	-
4	PRIIPS Compliance	-		-	-
5	Other (provide details)	-		-	-
	Management Fees	**608**	**-**	**608**	**22.03**
6	Commissions	86		86	3.12
7	Acquisition/issue costs	-		-	-
8	Disposal costs	-		-	-
9	Registration/filing fees	-		-	-
10	Taxes and Stamp Duty	84		84	3.04
11	Other (provide details)	-		-	-
	Implicit Costs	462		462	16.74
	Transaction Costs	**632**	**-**	**632**	**22.90**
12	**Custody/Depositary**	**34**		**34**	**1.23**
13	**Other (provide details)**				**-**
	Fund Accounting	4		4	0.14
	Transfer Agent	1		1	0.04
	External Audit	1		1	0.04
	Performance Reporting	2		2	0.07
	Transaction Charges	10		10	0.36
	MACS Fees	-		-	-
	Total Costs	**1,292**		**1,292**	**46.81**

Note: The total of the analysis should reconcile to request (5) below.

5. Investment management expenses by product/service

£000	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2020/21 Costs	AUM at 31 March 2021 £m	2020/21 BPS Charge
Global Multi-Manager	608					86				84	462	34	18	1,292	318	46.81
ACS Sub-Funds	**608**	**-**	**-**	**-**	**-**	**86**	**-**	**-**	**-**	**84**	**462**	**34**	**18**	**1,292**	**318**	
Alternative Vehicles	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Discretionary Mandate 1																
Discretionary Mandate 2																
Discretionary Mandates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Advisory Mandate 1																
Advisory Mandates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Execution Only 1																
Execution Only	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Other 1																
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Total	**608**	**-**	**-**	**-**	**-**	**86**	**-**	**-**	**-**	**84**	**462**	**34**	**18**	**1,292**	**318**	**46.81**

Items 1 – 13 relate to the categories highlighted in data request (4).

6. Asset under management & performance by product/service

£000	AUM At 1 April-20 £m	AUM At 31 March-21 £m	One Year Gross Performance %	One Year Net Performance %	Passive Benchmark Used	One Year Passive Index %
Global Multi-Manager	215	318	48.19%	47.89%	FTSE All World Index	39.58%
ACS Sub-Funds	**215**	**318**				
Alternative Vehicles	-	-				
Discretionary Mandate 1	-	-				
Discretionary Mandate 2	-	-				
Discretionary Mandates	**-**	**-**				
Advisory - Fixed Income	-	-				
Advisory Mandates	-	-				
Execution Only 1	-	-				
Execution Only	**-**	**-**				
Other 1	-	-				
Other	**-**	**-**				
Total	**215**	**318**				

7. Transition costs

Please note that partner funds are currently investing the methodology which will be used to quantify transition costs for the purposes of the CIPFA Annual Report Pooling Disclosures. For the purposes of the information request, and to assist partner funds in the development of the methodology, the details provided should reconcile the starting unit price of £100 to the unit price when the assets are handed over to the managers. Based on the global multi-manager transition, this will comprise three elements: 1) Out/under performance between assets entering the sub-fund and the point transition commences; 2) Transition costs/implementation shortfall as reported by the transition manager; and 3) Out/under performance from commencement of transition up to the assets being transferred to the managers.

£000	UK Passive Equities Sub-Fund	Global Ex-UK Passive Sub-Fund	Dividend Growth Sub-Fund	Global Multi-Manager Sub-Fund	Other 1	Other 2
Starting Unit Price (A)						
Manager Hand-Over Unit Price (B)						
Change In Unit Price (B-A/A = C)						
Index Performance (D)						
Out/Under Performance (C-D)						
Total Transition Costs = Financial Impact of Out/Under Performance Calculated Above						
Out/Under Performance Comprised of:						
1. Out/Under-performance between assets entering sub-fund and point of transition						
2. Transition Costs/implementation Shortfall as reported by the Transition Manager						
Commissions						
Taxes						
Market Impact						
Spread						
Forex						
Opportunity Cost						
Transfer Taxes						
Other (provide details)						
3. Out/Under-performance between transition commencement and manager handover						
Total Transition Costs Using Above Methodology						

Audit opinion & certificate

Independent auditor's report to the members of Shropshire Council on the consistency of the pension fund financial statements of Shropshire County Pension Fund included in the Pension Fund Annual Report

Opinion
The pension fund financial statements of Shropshire County Pension Fund (the 'pension fund') administered by Shropshire Council (the "Authority") for the year ended 31 March 2021 which comprise the Fund Account, the Net Assets Statement and the notes to the pension fund financial statements, including a summary of significant accounting policies are derived from the audited pension fund financial statements for the year ended 31 March 2021 included in the Authority's Statement of Accounts (the "Statement of Accounts").

In our opinion, the accompanying pension fund financial statements are consistent, in all material respects, with the audited financial statements, in accordance with proper practices as defined in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 and applicable law.

Pension Fund Annual Report – Pension fund financial statements
The Pension Fund Annual Report and the pension fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's report thereon.

The audited financial statements and our Report thereon
We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated.

Executive Director of Resources' responsibilities for the pension fund financial statements in the Pension Fund Annual Report
Under the Local Government Pension Scheme Regulations 2013 the Executive Director of Resources of the Authority is responsible for the preparation of the pension fund financial statements, which must include the Fund Account, the Net Asset Statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report are set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 20120/21.

Auditor's responsibility

Our responsibility is to express an opinion on whether the pension fund financial statements in the Pension Fund Annual Report are consistent, in all material respects, with the audited pension fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP,
Local Auditor
Birmingham
September 2021

Statement of responsibilities

For the statement of accounts

Shropshire Council's Responsibilities
Shropshire Council, as administering authority for the Shropshire County Pension Fund, is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, the responsibility of Chief Financial Officer is allocated to the Executive Director of Resources (Section 151 Officer & Scheme Administrator);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

Approved by Pensions Committee
The statement of accounts was approved at a meeting of the Pensions Committee on 17 September 2021.

Thomas Biggins
Chair of Pensions Committee
17 September 2021

Responsibilities of Executive Director of Resources (section 151 Officer & Scheme Administrator) as Chief Financial Officer

The Executive Director of Resources (section 151 Officer & Scheme Administrator) is responsible for the preparation of the Shropshire County Pension Fund's statement of accounts in accordance with proper practices as set out in the CIPFA code of practice on local authority accounting in the United Kingdom ("the code of practice").

In preparing this statement of accounts, the Executive Director of Resources (section 151 Officer & Scheme Administrator):

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the code of practice.

The Executive Director of Resources (section 151 Officer & Scheme Administrator) has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Financial Officer
I hereby certify that the Shropshire County Pension Fund statement of accounts presents a true and fair view of the financial position and the income and expenditure of the fund for the year ended 31 March 2021 and also that the statement of accounts complies with the requirements of the Accounts and Audit Regulations 2015.

James Walton
Executive Director of Resources
(Section 151 Officer & Scheme Administrator)
17 September 2021

Fund policies

All fund policies can be found on the website

www.shropshirecountypensionfund.co.uk

Governance compliance statement

This statement has been prepared by Shropshire Council (the administering authority) to set out the governance arrangements for the Shropshire County Pension Fund, in accordance with The Local Government Pension Scheme Regulations 2013 (Regulation 55).

The latest copy of this document can be found in appendix 1 on page 79.

Pensions administration strategy report

Pension fund administering authorities have discretion as to whether to prepare a pensions administration strategy statement. Shropshire Council, as administering authority do produce a report under regulation 59 of The Local Government Pension Scheme Regulations 2013.

This report sets out the administration processes for the fund and outlines the policies and performance standards towards providing a cost-effective, inclusive and high quality administration service.

The latest copy of this document can be found in appendix 2 on page 91.

Funding strategy statement

Administering authorities have been required to prepare, publish and maintain a funding strategy statement (FSS) under Regulation 58 of The Local Government Pension Scheme 2013 (as amended).

This document provides the basis for the actuarial valuation which occurs every three years. The funding strategy statement formed the basis of the 2019 actuarial valuation. It sets out in a transparent way the fund's prudent approach to meeting pension liabilities and maintaining stable employer contribution rates. It outlines the financial assumptions used in the actuarial valuation and identifies the risks and countermeasures employed by the fund.

Please see appendix 3 on page 101 for the latest copy of this document.

Investment strategy statement

Pension fund administering authorities are also required to prepare, maintain and publish an investment strategy statement (ISS) under regulation 7 of the LGPS (Management and Investment of Funds) Regulations 2016.

This document sets out the investment objectives of the fund and how investments are allocated between equities, bonds and alternatives. Target investment performance is defined for each of the investment managers. The fund's approach to social, environmental and ethical issues is also explained as is the fund's compliance with Myners Principles.

Please see appendix 4 on page 123 for the latest copy of this document.

Glossary of terms

Actuary: An independent consultant who advises the fund and every three years formally reviews the assets and liabilities of the fund and produces a report on the fund's financial position, known as the actuarial valuation.

Additional voluntary contributions (AVC): An option available to individuals to secure additional pension benefits by making regular payments in addition to the basic employee contribution payable.

Admission bodies: Bodies whose staff can become members of the pension fund by virtue of an admission agreement made between the fund and the relevant body.

Benchmark: A yardstick against which the investment performance of a fund manager can be compared, usually the index relating to the particular assets held.

Cash equitisation: A technique using financial futures to minimise the drag on investment performance by holding cash.

Corporate bonds: Investment in certificates of debt issued by a company. These certificates represent loans which are repayable at a future date with interest.

Currency hedging: A technique using forward currency contracts to off set the risks associated with the changing value of currency on the fund's overseas investments.

Custody: Safe-keeping of securities by a financial institution. The custodian keeps a record of a client's investments and may also collect income, process tax reclaims and provide other services according to the client's instructions.

Deferred pension: The inflation linked retirement benefits payable from normal retirement age to a member of the fund who has ceased to contribute as a result of leaving employment or opting out of the pension scheme before the normal retirement age.

Designated bodies: An organisation which must make a statutory resolution covering some or all of its employees, stating that they may be scheme members.

Emerging markets: Developing economies in Latin America, Africa, Asia, and the Middle East as well as areas of Europe and the Far East. Investment returns within these markets tend to be more volatile than those in more established markets.

Equities: Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Equity protection strategy: A strategy that uses a combination of derivatives in order to dampen equity market risks while receiving dividends from an underlying equity portfolio. The strategy is currently being used to reduce equity risk while the fund considers making allocations to other investments.

Fixed interest securities: Investments in mainly government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange before the repayment date.

Fund of funds: Funds whose principle activity is investing in other investment funds. Investors in funds of funds can increase their level of diversification and take advantage of the experience and research capability of the fund of fund's manager.

Futures: A contract made to purchase or sell an asset at an agreed price on a specified date.

Hedge funds: An investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money

to make investment, borrowing shares in order to sell them and profiting from company mergers.

Infrastructure: A relatively new asset class often regarded as a stable source of cash flow with limited correlation to other asset classes providing diversification and low volatility. Its inflation hedging and long duration characteristics have also added to its attraction for investors. Infrastructure encompasses two broad groups: economic (transportation, utilities and communications) and social (schools, hospitals, prisons and government buildings).

Index-linked securities: Investment in government stock that guarantee a rate of interest linked to the rate of inflation. These securities represent loans to government which can be traded on recognised stock exchanges.

Insurance-linked securities (ILS): ILS is a way of investing in insurance markets, receiving a premium in order to underwrite specific risks such as weather events. The strategy is diversified across a range of different underlying risks, insurers, and types of insurance investment. ILS typically produces returns that do not move in line with other markets, which is a useful characteristic when held alongside the fund's other portfolios.

Liability driven investments (LDI): A strategy which aims to enable pension funds to reduce risk and improve funding levels by reducing volatility over time. Because the value of future pension payments is directly linked to inflation, interest rates and the longevity of fund members, funds have sought investments linked to such factors.

Market value: The price at which an investment can be bought or sold at a given date.

MiFID II: Markets in Financial Instruments Directive II is a European Union law that provides harmonised regulation for investment services across member states of the European Economic Area.

Myners Principles: A set of six principles which pension schemes are required to consider and publish their degrees of compliance. The principles require pension schemes to disclose, for example, the effectiveness of decision making, performance management reporting and approach to shareholder voting.

Pooled investment vehicles: Any fund in which multiple investors contribute assets and hold them as a group.

Private equity: Investments into new and developing companies and enterprises which are not publicly traded on a recognised stock exchange.

Property debt: A strategy that provides loans secured on commercial property and income (rent). The loans are typically bilateral (one lender and one borrower) and can be created for a range of purposes, including redevelopment.

Return: The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Scheme employers: Councils and other similar bodies whose staff automatically qualify to become members of the pension scheme.

Stakeholders: Scheme members who have a financial interest in the fund's investments. Council tax payers who are not fund members are not considered to be either beneficiaries or stakeholders.

Stewardship Code: A code requiring institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders' meetings.

Task force on climate related financial disclosures (TCFD): A global standard to develop and communicate climate strategies.

Transfer value: These are sums which represent the capital value of past pension rights which a member may transfer on changing pension schemes.

Unit trust (managed funds): A pooled fund in which small investors can buy and sell units. The pooled fund then purchases investments, the returns on which are passed on to the unit holders. It enables a broader spread of investments than investors could achieve individually.

Governance Compliance Statement

Appendix

01

Agreed by Pensions Committee December 2020

Appendices

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151. Appendix 07
Training policy statement

Introduction

1. 1. This statement has been prepared by Shropshire Council (the administering authority) to set out the governance compliance statement for the Shropshire County Pension Fund (the fund), in accordance with The Local Government Pension Scheme Regulations 2013 (regulation 55 refers) as amended.
2. 2. It has been prepared by the administering authority in consultation with appropriate interested persons.

Purpose of Governance Compliance Statement

3. 3. The regulations on governance compliance statements require an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out:

a. a)whether it delegates its functions, or part of its functions, in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority;

b. and, if so, it must state:
   - The terms of reference, structure and operational procedures of the delegation;
   - The frequency of any committee/sub-committee meetings;
   - Whether the committee/sub-committee includes representatives of employing authorities (including non-scheme employers) or scheme members and, if there are such representatives, whether they have voting rights.

c. c)The extent to which delegation, or the absence of a delegation, complies with guidance by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.

d. d) Details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment).

Governance of Shropshire County Pension Fund

4. 4. Shropshire Council as the administering authority delegates its functions under the regulations to the Pensions Committee.
5. 5. Under the cabinet structure in local government, management of the pension fund is a non-executive function, and this is reflected in Shropshire Council's governance structure listed in Shropshire Council's Constitution.
6. The Pensions Committee was established in 1994 with responsibility for all matters relating to the management and administration of the Shropshire County Pension Fund. The Pensions Committee is a standing committee of the council and is linked to full council by the chairman or vice chairman being a Shropshire Council member.
7. 7. Shropshire County Pension Fund's Pension Board was established by Shropshire Council in 2015 under the powers of Section 5 of the Public Service Pensions Act 2013 and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013. The Pension Board operates independently of the Pensions Committee, details of which are set out in its terms of reference.

Pensions Committee

8. The Pensions Committee reports to full council. It meets formally at least quarterly and more frequently if formal decisions are required. In between meetings the chairman's approval may be sought.

Terms of Reference

a. To advise the council on the arrangements for the proper administration of the Shropshire County Pension Fund in accordance with the Local Government Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any other relevant legislation;

b. To advise employing organisations and employees within the fund of their benefits, contributions and the financial performance of the fund;

c. To advise and assist the council on the determination of any matters of general policy relating to the investment of the pension fund;

d. To approve the annual report and accounts of the fund and to hold an annual meeting.

Operational procedures

9. Under the Pensions Committee's terms of reference, operational procedures include but

are not limited to:

- Admission of employing organisations to the fund where discretion is permitted;
- Appointment of external advisors and actuaries to assist with the administration of the fund, and of external managers for the management of the fund's portfolio of assets;
- Approval of the periodic formal actuarial valuation of the fund;
- Consideration of the advice of the fund's external investment advisers and of the scheme administrator;
- Determination of the objectives and general investment approach to be adopted by external fund managers;
- Review and monitoring of investment transactions and the overall investment performance of the fund;
- To develop and implement shareholder policies on corporate governance issues;
- To review and approve on a regular basis the content of the investment strategy statement and to monitor compliance of the investment arrangements with the statement;
- To review the investment strategy statement in detail ahead of the actuarial valuations being carried out and assist the valuation process;
- To review and approve on a regular basis the communications policy, administration strategy statement, funding strategy statement, investment strategy statement and any other regulatory policy adopted by the Fund.

Structure of the Pensions Committee

Organisation	Allocation
Shropshire Council	four members
Borough of Telford and Wrekin Council (co-opted)	two members
Employees (co-opted)	two (non-voting) members
Retired members (co-opted)	one (non-voting) members

10. Shropshire Council always holds either the chairmanship or vice chairmanship. The position of chairman and vice chairman are held by Shropshire Council and the Borough of Telford & Wrekin members and are agreed on an annual basis.

11. The committee is supported by the advice from an independent advisor and investment consultant. The independent advisor advises on strategic issues and overall investment approach. The investment consultant provides analysis and advice of a technical nature in relation to portfolio construction, interpretation of performance measurement and the monitoring of investment managers. The committee can delegate implementation of investment decisions to the Officers as they see fit. The Officers and investment consultant meet separately on a quarterly basis at technical meetings to support this.

12. The role of scheme administrator is held by the officer who has responsibilities under S151 of the Local Government Act 1972 and provides financial (non-investment) advice to the committee. This includes advice on financial management, issues of compliance with internal regulations and controls, budgeting and accounting, and liaison with independent advisers. Legal advice is provided by Shropshire Council's Legal and Democratic Services. Formal statutory responsibility for the LGPS and fund investment lies with the administrating authority who are answerable for the effective and prudent management of the scheme.

13. The power to co-opt rests with the council in full assembly and not with committees. Although, in practice the selection of persons to serve as co-opted members is usually left to committees. The co-opted members from the Borough of Telford & Wrekin are voting members.

14. The Pensions Committee can elect a co-opted member as its chairman, but in this instance the chairman is unable to:

- attend Shropshire Council meetings and pilot Pension Committee proposals through the full assembly;
- answer questions put to him/her there;
- represent the Pensions Committee on other committees within Shropshire Council or within LGPS Central

15. However, a Shropshire Council Vice-Chairman can deputise for the co-opted member chairman. Only Shropshire Council members can represent the Fund at LGPS Central meetings.

Pension Board

Introduction and Role

16. Shropshire County Pension Fund's local Pension Board was established by Shropshire Council in 2015 under the powers of Section

5 of the Public Service Pensions Act 2013 and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013. Meetings are normally held at the offices of Shropshire Council and are quarterly each calendar year.

Terms

17. The role of the local Pension Board as defined by regulation 106 (1) of the LGPS Regulations, is to assist the administering authority to:

- secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
- secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator to ensure the effective and efficient governance and administration of the LGPS for the Shropshire County Pension Fund.

Structure

18. The Pension Board should consist of a minimum of four voting members, currently set at 6 voting members and be constituted as follows:

a. Three employer representatives

b. Three scheme member representatives

The Pensions Board operates a quorum constituting as two members, made up of one employer and one member representative.

19. Employer representatives shall be office holders or senior employees of employers of the fund or have experience of representing scheme employers in a similar capacity. Subject to restrictions as set out in the LGPS regulations, employer representatives can also include elected members. Member representatives shall be scheme members of the Shropshire County Pension Fund and have the capacity to represent scheme members of the fund.

20. An independent member and substitute members may also be included in the structure of the Pension Board at the discretion of the appointment panel. Substitute members for employer and scheme member representatives will have voting rights, but an independent member, or any other members appointed to the Pension Board by the appointment panel will not.

21. The appointment panel made up of the Legal Monitoring Officer and the Director of Finance, Governance & Assurance at Shropshire Council (or their deputies) will determine any eligibility and/or selection criteria that will apply to Pension Board members having due regard to the LGPS regulations and any other relevant code of practice and guidance (statutory or otherwise). The selection process for representative members will be:

- **Employer representatives** – each employer will be invited to nominate one representative to represent employers on the Pension Board.
- **Scheme member representatives** – all active, deferred and retired scheme members will be invited to submit applications to join the Pension Board.

22. The applications and nominations will then be subject to a selection process determined and carried out by the appointment panel. The chair and deputy chair will be determined by the appointment panel. The term of office will be for four years with a possible extension for up to two years.

- Duties and role of the chair in so far as they:
  - **i.** will ensure all meetings are productive and effective
  - **ii.** ensure opportunity for all views to be heard, and
  - **iii.** seek to reach consensus and that decisions are properly put to vote where necessary.

23. Former or existing members of the Pension Board can be reappointed (under the appointment procedures) with no limit on the number of terms they may have.

Operational Procedures

24. The council considers that the Pension Board is an oversight body and it is not a decision-making body in relation to the management of the pension fund but makes recommendations to assist in such management. In undertaking its role, the Pension Board will ensure it:

a. carries out duties effectively and efficiently

b. complies with relevant legislation and

c. complies with the code of practice on the governance and administration of public service pension schemes issued by The Pension Regulator and any other relevant statutory or non-statutory guidance.

Under the Pensions Board's terms of reference operational procedure include but are not limited to:

- The reporting of any concerns over a decision made by the Pension Committee to the Pension Committee subject to the agreement of at least 50% of voting Pension Board members if all voting members are present. If not, all voting members are present then the agreement should be of all voting members who are present, where the meeting remains quorate.
- Escalation route and procedures if necessary, regarding a breach of regulation /The Pension Regulator's code of practice previously reported to the Pensions Committee but not rectified in reasonable time.
- The requirement of members to be able to demonstrate their appropriate knowledge and understanding and to refresh and keep their knowledge up to date. In addition to the requirements under the Public Service Pensions Act, it includes compliance with the pension fund's training policy insofar as it relates to Pension Board members.

Governance guidelines

Myners principles

25. In 2001, a Government sponsored review of Institutional Investment by Paul Myners set out ten principles for best practice for UK pension fund investment aimed to enhance pension fund decision making. In October 2008 the Government revised the Myners Principles. In doing so, the Government opted for six (rather than ten) higher level principles and expects Funds to report against these principles. The extent of the Fund's compliance with each of the guidelines is set out in Appendix A of Investment Strategy Statement.

The Pensions Regulator (TPR)

26. The Public Service Pensions Act 2013 introduced a new framework for the governance and administration of public service pension schemes and provides extended regulatory oversight by the Pensions Regulator from 1 April 2015. The Fund uses the TPR's regulatory tools and measures itself against TPR's codes of practice to meet its statutory objectives and to review standards. Pension boards must also comply with certain legal requirements, including assisting the Fund in relation to securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme, any requirements of the regulator and with any other matters specified in scheme regulations.

Scheme Advisory Board (SAB)

27. The Local Government Pension Scheme Advisory Board is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113. On 1st April 2015 the Board was established as a statutory body. The purpose of the Board is to encourage best practice, increase transparency, and coordinate technical and standards issues. Governance and administration standards issued by the SAB is used by the Fund, pensions committee and the pension board.

28. The Myners principle, the TPR guidance and the statutory position have led the council as administering authority to conclude that the current governance arrangements within the Fund provides the appropriate balance between accountability and inclusion.

LGPS Central limited

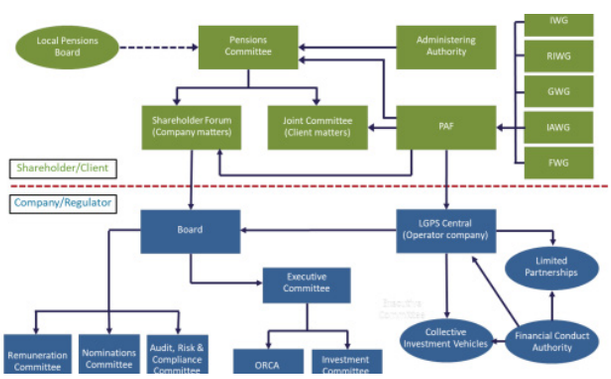
29. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 formally introduced the concept of asset pooling. Because of this, the Shropshire County Pension Fund has joined with 7 other LGPS funds across the Midlands (partner funds) to form an asset pool, known as LGPS Central.

30. LGPS Central Limited is the company formed by the partner funds which is authorised as the operator of the Authorised Contractual Scheme (ACS), to provide investment services to the partner funds, by the Financial Conduct Authority (FCA). The company is therefore subject to the regulator's conduct of business rules and has established its internal governance framework to ensure strict adherence both to its regulatory obligations to the FCA and with the Companies' Acts.

31. It is important to note that the councils of each of the partner funds retain their core duties and responsibilities as the administering authorities of their respective LGPS funds.

32. Asset allocation decisions remain with the partner funds. Manager selection for assets transitioned into the ACS and for assets managed under discretionary agreements by the operator is the responsibility of LGPS Central Limited. Manager selection for the remainder of the pool's assets currently remains with the partner funds. The operator is responsible for selecting the custodian for the assets in the ACS; the partner funds are responsible for selecting the custodian for the remaining assets.

33. LGPS Central Limited was formed on 1 April 2018 and impacts the roles of the Pensions Committee. However, changes will be gradual as the transfer of the management activity to the new company progresses. Consequently, the existing governance arrangements and terms of reference need to run concurrently with new terms required to facilitate changes.



34. The above governance structure of LGPS Central will allow partner funds to exercise control (both individually and collectively) over the pooling arrangements; not only as investors in the ACS but also as shareholders of the operator company.

35. The LGPS Central Joint Committee has been set up in accordance with provisions of the Local Government Act 1972 to provide oversight of the delivery of the objectives of the pool, the delivery of client service, the delivery against the LGPS Central business case and to deal with common investor issues. The membership of the joint committee consists of one elected member from each council within the LGPS Central pool. A trade union representative is also appointed as a non-voting member of the joint committee to represent the scheme members across the councils' pension funds. Shropshire's representative on the LGPS Central Joint Committee is the chair or vice chair of the Pensions Committee (Shropshire Council member).

36. The primary role of the Shareholders' Forum is to oversee the operation and performance of LGPS Central Ltd and to represent the ownership rights and interests of the shareholding councils within the LGPS Central pool. The Shareholders' Forum is independent of the company and its meetings are distinct from company meetings, however, members of the Shareholders' Forum represent the councils at Company Meetings. The councils as individual investors in the company have in place local arrangements to enable their shareholder representatives to vote at company meetings.
The Shropshire Pension Fund, as a shareholder in LGPS Central has equal voting rights alongside the other partner funds and unanimous decisions are required on certain reserved matters before the actions can be implemented. These are specified in the company's shareholder agreement and articles of association. Other matters not directly related to the control of the company to manage its operation are subject to a majority approval (75%).

37. Shropshire's representative on the Shareholders Forum is the chair or vice chair of the pensions committee (Shropshire Council member).

38. The Practitioners' Advisory Forum (PAF) is a working group of officers appointed by the shareholding councils within the LGPS Central pool to support the delivery of the objectives of the pool and to provide support for the pool's joint committee and shareholders' forum.
PAF seeks to manage the Pool's conflicting demands and interests, either between the participating Councils or between the Councils (collectively) and the Company, recognising that speaking with "one voice" reduces the duplication of costs and resources and maximises the benefits of scale. PAF will also report back to partner fund's Pensions Committees on matters requiring their attention.

39. Shropshire's representatives on PAF are the Director of Finance Governance & Assurance and the Head of Treasury and Pensions.

40. Terms of reference have been approved for the

joint committee, the Shareholders' Forum and the Practitioners' Advisory Forum. These are "live" documents which are likely to evolve as the practical day to day experience of working within the LGPS Central pool evolves.

Delegation to officers

41. 41. Under the Local Government Pension Scheme Regulations 2013 Shropshire County Pension Fund is required to formulate a policy on local discretions which can be found in Appendix A. In line with regulation 105 (2) of the Local Government Pension Scheme 2013, the administering authority may delegate its functions where it deems it necessary to do so.

42. In addition to these fund discretions there are certain employer discretions, which employers must formulate a policy. All policies received by the fund are published on the fund's website.

Arrangements outside of formal governance

43. The Council is committed to the widest inclusion of all stakeholders in consultation and communication outside of the formal governance arrangements. The arrangements include:

With employing authorities

44. The fund's primary long-term investment objective is to achieve and maintain a funding level at, or close to, 100% of the fund's estimated liabilities; and within this, to endeavour to maintain stable employer contribution rates. Employing authorities are pro-actively consulted on the funding strategy statement on which the valuation and employer contribution rates are based.

45. The ratio of membership from the various employing authorities in the Shropshire County Pension Fund is:

Organisation	Contributors %
Shropshire Council	47
Borough of Telford and Wrekin Council (co-opted)	24
Parish / Town Councils	1
Other Scheme Employers	19
Admitted Bodies	9
TOTAL	100

46. The Shropshire County Pension Fund involves all scheme employers, irrespective of size, in consultations and communications. The information to be supplied by employers to enable the administering authority to discharge its functions, is outlined in the pensions administration strategy statement which can be found on the pension fund's website: www.shropshirecountypensionfund.co.uk

47. Over the last decade, consultation with employing authorities on pension fund investment, actuarial matters and proposed central government changes to the regulations has evolved. A large step forward was afforded by the introduction of investment strategy statement and funding strategy statements, the consultation process surrounding them, and where these statements can be accessed.

48. All employers are invited to regular employer meetings which provide information on changes in regulations, investment matters and actuarial valuations. All employing authorities are also kept abreast of events, by email, and they are encouraged to get in touch if they have questions. There is also a dedicated area for employers on the Shropshire County Pension Fund website. This information includes the employers' guide and information for new employers.

49. The fund undertakes annual monitoring of its actuarial valuation position. Employer organisations are kept up to date of the latest position and its likely impact on employer contributions as assessed during the actuarial valuation. At triennial valuations the scheme actuary presents to the employers meeting to explain changes in the funding level and implications on employer contribution rates. Employers meetings are also used to discuss the funding strategy statements and data requirements for FRS101/102 and IAS19.

50. An annual meeting is held each year to which all employers and scheme members are invited. The meeting outlines the investment performance of the Shropshire County Pension Fund and any changes to the fund's investment strategy, as well as regulation changes and administration issues. A fund manager also presents at the meeting and allows employers and scheme members the opportunity to ask questions.

With scheme members

51. Employees are represented on the Pensions Committee by two non-voting members (both union members) who have an active role in the selection of managers, performance monitoring, investment strategy and responses to consultations on regulation changes. Retired members are represented by a non-voting retired member.

52. All employees, as well as representatives from employer organisations, are invited to the annual meeting each year. All retired and deferred members also receive an invite to the annual meeting which is usually held in November in the county. The meeting is filmed and made available online to enable members unable to attend in person to watch. The meeting is well attended and provides a useful opportunity for members to meet their employee or retired member representative, learn about the fund, and ask questions.

53. Where possible every member of the scheme receives pensions newsletters. The fund's annual report is published on the pension fund's website and an email notification (where an email address is held) is issued notifying the website update. The full communication policy can be found on the fund's website. This policy outlines the fund's approach to communicating with members, representatives of members, prospective members and employing authorities; including the format, frequency, and method of communications. The pension fund's website includes further information on:

- Annual report and accounts
- Investment strategy statement (including compliance with Myner's principles)
- Funding strategy statement
- Communications policy
- Actuarial valuation
- Investments and LGPS central

54. The pensions team has a very good informal working relationship with the unions and is always there to assist with any problems in understanding the regulations.

Training policy

55. The fund recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the Pension Scheme are equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

56. Considering the requirements following the LGPS governance changes emerging from the Public Service Pensions Act 2013, officers continually review the fund's training policy to ensure that all stakeholders are well equipped to carry out their duties as effectively and efficiently as possible. The training policy applies to:

- Pension fund officers and managers
- Pensions Committee members
- Local Pensions Board members.

57. The training policy is regularly reviewed and once an updated policy is adopted, steps are taken to ensure all parties meet their requirements.
Myner's first principle states that administering authorities should ensure that:
Decisions should only be taken by persons or organisations with the skills, knowledge, advice, and resources necessary to make them effectively and monitor their implementation. Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest'

58. The fund provides training to members of the committee and the board during meetings featuring presentations on topical issues, such as hedge funds, private equity, actuarial valuations, infrastructure etc.

Appendix A

Shropshire County Pension Fund discretions policies

List of discretionary policies applicable to members with membership under the following regulations:

- The Local Government Pension Scheme Regulations 2013 [prefix R]
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [prefix TP]
- The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]

Regulation	Discretion	Fund policy	Delegated to
A52 (2) **TP17 (5) T0 (8)** **R40 (2)** **R43 (2)** **R46 (2)** **R82 (2)** **LGPS 1997 38 (1) & 155 (4)** **R17 (12)**	Payment of death grant	The death grant will normally be paid to, or amongst, nominated beneficiaries as directed by the deceased member through a completed expression of wish form. Where no nomination has been made, a death grant would normally be paid to the deceased's personal representatives (in that capacity). Where both of these options are seen to be inappropriate or impossible, (for instance perhaps because nominees have died, circumstances appear to have changed since the nomination was made, or other persons claiming some or all of the death grant or would seem to have a claim) we may pay the grant as we see fit to, or split it between surviving nominees or personal representatives or any person appearing to us to have been a relative or dependant of the deceased at any time.	Scheme Administrator
R17 (12)	Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	The approach for this discretion will be the same as stated above in payment of death grant.	Scheme administrator
Rsch1 & TP 17 (9)	Decide to treat child (who has not reached the age of 23) as being in continuous full-time education or vocational training despite a break	To be reinstated where break does not exceed one academic year.	Scheme administrator
B27 (5)	Split of children's pensions	To be paid in equal proportions to the children.	Scheme administrator
A52 (A) **B27 (5)**	Payment of children's pensions to parent or guardian	To be paid to child and only paid to parent or guardian in exceptional circumstances.	Scheme administrator
R30(8) **TP3 (1), TPSch2, paras 2 (1) and 2 (2) B30 (5) and B30A (5)** **TL4, L106(1) & D11(2)(c)**	Where the employer has become defunct: whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age including any actuarial reduction on pre and/or post April 2014 benefits	Due to the potential costs of waiving actuarial reduction it is recommended that it be applied only on strong compassionate grounds e.g. where evidence shows that long-term care is being given to a dependent relative (solely dependent on the employee) and that this is likely to continue for many years. However, the cost of pension strain will be given significant relevance in reaching a decision.	Scheme administrator
TPSch 2, paras 1 (2) and 2 (2) **TPSch 2, para 1(2) & 1(1)(f) and R60**	Where the employer has become defunct: Whether to 'switch on' the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60	The fund will not agree to apply the 85 year rule where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in exceptional circumstances where the interests of the fund have been considered and it is in its financial or operational interests to do so. Each case - will be considered on the merits of the financial and / or operational business case put forward	Scheme administrator
R30 (8)	Where the employer has become defunct: Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	The fund will not agree to flexible retirement except in circumstances where the interests of the employer have been considered and it is in its financial or operational interests to do so. Each case - will be considered on the merits of the financial and / or operational business case put forward, - will set out whether, in additional to any pre 1 April 2008 benefits, the member will be permitted, as part of the flexible retirement agreement, to take a) all, some or none of their 1 April 2008 to 31 March 2014 benefits, and /or b) all, some or none of their post 31 March 2014 benefits, and - will require the approval of the scheme administrator.	Scheme administrator

Regulation	Discretion	Fund policy	Delegated to
B39 & T14 (13) R34 (1) (b) (c)	Commutation of small pensions	To be commuted in all cases where capital value of the benefits is within HMRC limits other than in exceptional circumstances. The member/dependent must make a formal request including the exceptional circumstance they wish to be considered. Each formal request to not commute benefits will be assessed on its circumstances and merits.	Scheme administrator
R71 (1)	Whether to charge interest on payments by employers which are over due	To be commuted in all cases where capital value of the benefits is within HMRC limits other than in exceptional circumstances. The member/dependent must make a formal request including the exceptional circumstance they wish to be considered. Each formal request to not commute benefits will be assessed on its circumstances and merits.	Scheme administrator
A28 (2) TP15 (1) (d)	Charge for estimate of transfer of AVC to main scheme to buy additional pension	First calculation free thereafter £50 per estimate	Scheme administrator
LGPS 97 - 92	Recovery of contribution	Scheme administrator	Scheme administrator
A83 (9) R100 (7)	Acceptance of transfer value	To be refused if insufficient to meet Guaranteed Minimum Pension liability	Scheme administrator
R100(6-8)	Extend normal time limit for acceptance of a transfer value beyond twelve months from joining the LGPS	The fund will only extend the twelve-month time limit within which a scheme member must make an election to transfer other pension rights into the LGPS after joining the LGPS: - where the member asked for transfer investigations to be commenced within twelve months of joining the LGPS but a quotation of what the transfer value will purchase in the LGPS has not been provided to the member within eleven months of joining the LGPS. The time limit for such a member to make a formal election to transfer pension rights into the LGPS is the 3 months transfer guarantee period ; - where the available evidence indicates the member made an election within twelve months of joining the LGPS, but the election was not received by the pension fund administering authority; - where the available evidence indicates the member had not been informed of the twelve-month time limit due to maladministration. - The fund's decision would also be to support the employer's decision where it is reasonable and evidenced that they are fully aware of the consequences and increased liabilities that will incur by agreeing this and it is not contradicting their own policy on this discretion.	Scheme administrator
Financial Rules of the administering authority, Shropshire Council.	Overpayment of pension	Overpayments of less than £100 are not to be recovered where they occur during the month of death and where recovery is likely to cause hardship or be impractical.	Scheme administrator
R69 (1) (4) R80(1)(b) & TP22(1)	Decide the frequency and form of payments and information to accompany payments to be made over to fund (as listed in regulation R69) by employers and whether to make an admin charge.	All payments deducted from members must be paid to the fund by the 19th of the month following the month they were deducted. Any other payments must be paid immediately on receipt of the invoice. Further information on the formal procedures employers must adhere to are set out in the administration strategy statement.	Pensions committee
A60 (8) R76 (4) R79 (2)	Procedure to be followed by administration authority when exercising its stage two IDRP functions and whether administering authority should appeal against employer decision (or lack of a decision).	Full procedure is documented in the IDRP guide which can be found on the fund's website: www.shropshirecountypensionfund.co.uk	Scheme administrator
TP3 (13) A70 (1) A71 (4) (c)	Abatement of pensions following re-employment	From the 1 June 2006 the abatement and suspension of pension policy operated by the council changed and since this date no adjustments are required to funded pensions in respect of re-employment, regardless of the level of earnings. This policy applies to the funded element of the pension only and not the added year's compensation. This will still be subject to adjustment as per the regulations.	Scheme administrator
B10 (2) TP3 (6) TP4 (6)(c) TP8 (4) TP10 (2) a TP17 (2)(b) Tsch1 L23(9)	Where a member dies before making an election of average of three years pay for final pay purposes or when a deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1 April 2008.	Election to be made by the fund on behalf of the deceased member.	Scheme administrator
A52 A B27 (5) R83	Payments for persons (other than an eligible child) incapable of managing their affairs	If it appears that a person (other than an eligible child as defined in the appropriate regulations) is entitled to the payment of benefits under the scheme but is, by reason of mental disorder or otherwise, incapable of managing his or her affairs, taking regard to the circumstances of the case and medical guidance, where appropriate, the benefits, or any part of them, will be paid to a person having care of the person entitled, or such other person as the scheme administrator may determine, to be applied for the benefit of the person entitled. The Fund's trivial commutation policy will be followed for small pensions. In all other cases, where there is a long term annual pension payable the Fund will require evidence of a either power of attorney when the annual pension exceeds £1000; in cases where the annual pension benefit is below £1000, medical and documentary evidence will be required.	Scheme administrator

Regulation	Discretion	Fund policy	Delegated to
B25 RSch1 TP17 (9)(b)	Decide evidence required to determine financial dependence of co-habiting partner on scheme member or financial interdependence of cohabiting partner	A fund's declaration form is required to be completed and signed confirming the regulatory requirements have been met and supported by the appropriate evidence.	Scheme administrator
TSch 1 & L23 (9) B42 (1) (c) R49 (1) (c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under two or more regulations in respect of the same period of scheme membership	Benefit which is more beneficial to member to be paid.	Scheme administrator
31 (2)	Recharging payments to employers for annual compensation	A 1% handling fee of the total recharge of compensation being paid on behalf of the employer, will be levied.	Scheme administrator
R36 (3) A56 (2)	Approve medical advisors used by employers (for ill health benefits)	The medical advisors used by the employers for opinion on ill-health benefits must meet the requirements set out in the LGPS regulations	Pensions Committee
R68 (2) TPSch 2, para 2 (1)(3)	Whether to require any strain on fund costs to be paid 'up front' by employing authority following flexible retirement or release of benefits before age 60	All strain is required to be paid in full immediately on receipt of invoice. The process is outlined in the pensions administration strategy statement. The fund may agree, on request from an employer, to an alternative repayment period if exceptional circumstances are shown.	Scheme administrator
R16 (1)	Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g.) where the sum being paid is very small and could be paid as a single payment)	Requests to pay an APC/SCAPC via a lump sum will be refused if cost is less than £50.	Scheme administrator
Regulation 2 of the Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011	Whether to offer 'Voluntary Scheme Pays' to members and the circumstances when this would apply.	To offer the use of 'Voluntary Scheme Pays' (VSP) where; • a member's pension savings within the Fund are subject to the tapered annual allowance, and • the tax breach stems only from the member's Shropshire County Pension Fund LGPS benefits rather than via growth in multiple pension schemes, and • The application is received in writing by Shropshire County Pension Fund by 30 November in the tax year following the year to which the tax charge relates to, should the member wish the tax to be paid by 31 January to ensure no late payment penalties become due, if not then no later than the Mandatory scheme pays deadline.	Scheme administrator
R4(2)(b)	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission.	The Fund will only agree an admission agreement providing the body meets the eligibility criteria laid down in the regulations; the admission is fully guaranteed so that no liabilities fall back on the Fund and an admission agreement is signed by all relevant parties.	Pensions Committee
R3(1A), R3(5) & RSch 2, Part 3, para 1	Whether to agree to an admission agreement with a body applying to be an admission body.	The Fund will only agree an admission agreement providing the body meets the eligibility criteria laid down in the regulations; the admission is fully guaranteed so that no liabilities fall back on the Fund and an admission agreement is signed by all relevant parties.	Pensions Committee
RSch2, Part 3, para 14	Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.	The Fund will allow admission agreements to be back dated so long as all contributions due are paid to the Fund with appropriate interest.	Scheme Administrator
RSch 2, Part 3, para 9(d)	Whether to terminate an admission agreement in the event of: - insolvency, winding up or liquidation of the body. - breach by that body of its obligations under the admission agreement. - failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so	The Fund will terminate an admission agreement in any of these three events as covered in the admission agreement.	Scheme Administrator
RSch 2, Part 3, para 12(a)	Define what is meant by "employed in connection with".	Defined in the admission agreement as working for at least 50% of normal working time on the transferred service.	Scheme Administrator
R16(10)	Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC.	The Fund does not require a satisfactory medical but members are expected to sign a declaration confirming they are in reasonably good health before an application to pay an APC/SCAPC will be accepted.	Scheme Administrator
R16(10)	Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	The Fund would turn down an application if it was not satisfied that the member was in reasonably good health.	Scheme Administrator
R22(3)(c)	Pension account may be kept in such form as is considered appropriate.	The members Care Average Revalued Earnings (CARE) account will be kept in electronic form on the pension administration system.	Scheme Administrator

Regulation	Discretion	Fund policy	Delegated to
TP10(9)	Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated.	The main ongoing employment, which would usually be the record with the greatest hours, is normally the record with which the ceased concurrent employment will be aggregated.	Scheme Administrator
R32(7)	Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement	The Fund would look at any request on an individual basis taking into account the exceptional circumstances raised by the member.	Scheme Administrator
R38(3) B31(4)	Where the employer has become defunct: Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner.	The Fund will consider the relevant regulations and criteria following receipt of an opinion from the Independent Registered Medical Practioner (IRMP).	Scheme Administrator
R38(6) B31(7)	Where the employer has become defunct: Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health.	The Fund will consider the relevant regulations and criteria following receipt of an opinion from the Independent Registered Medical Practioner (IRMP).	Scheme Administrator
R54(1)	Whether to set up a separate admission agreement fund.	The Fund has not set up a separate admission agreement fund.	Scheme Administrator
R64(2ZA)	Whether to extend the period beyond 3 months from the date an Employer ceases to be a Scheme Employer, by which to pay an exit credit.	The Fund will look at each case on an individual basis taking into account the reason why the extension may be required.	Scheme Administrator
R64(2A)	Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.	The Fund will look at each case on an individual basis taking into account the reason why the extension may be required.	Scheme Administrator
R64(4)	Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer	The Fund may request a revision of employers contribution rate upon advice from the Actuary.	Scheme Administrator
R70 &TP22(2)	Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance.	The Fund will issue a notice to recover additional costs and in line with the Pensions Administration Strategy Statement.	Scheme Administrator
R98(1)(b)	Agree to bulk transfer payment.	The Fund will agree to a bulk transfer payment following Actuary advice.	Scheme Administrator
TR15(1)(c) &TSch1 & L83(5)	Extend time period for capitalisation of added years contract.	The Fund will look at each case on an individual basis taking into account the reason why the extension may be required.	Scheme Administrator

Further information

For further information about anything in or related to in this policy please contact:

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Administration Strategy Statement

Appendix

02

Agreed by Pensions Committee on January 2020

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1. Introduction

Shropshire County Pension Fund ("the Fund") is responsible for the administration of the Local Government Pension Scheme ("the Scheme") within the geographical area of Shropshire. The Fund also administers the Scheme on behalf of a number of qualifying employers who are not situated within the Shropshire area. The service is carried out by Shropshire Council ("the administering authority") on behalf of qualifying employers and ultimately Scheme members.

This document is the Pensions Administration Strategy Statement which outlines the policies and performance standards towards providing a cost-effective, inclusive and high quality pensions administration service.

Delivery of such an administration service is not the responsibility of one person or one organisation, but rather the joint working of a number of different stakeholders, who between them are responsible for delivering the pensions administration service to meet the diverse needs of the membership and the regulatory requirements.

2. Compliance

Developed in consultation with employers within the Fund, this statement seeks to promote good working relationships, improve efficiency and ensure agreed standards of quality in delivery of the pension administration service amongst Scheme employers and the Fund. A copy of this strategy is provided to all employers.

In no circumstances does this strategy override any provision or requirement of the regulations, nor is it intended to replace the more extensive commentary provided by the employer information on the Shropshire County Pension Fund website and administration guides provided by the Local Government Association (LGA).

3. Review

The undertakings set out within this Pensions Administration Strategy Statement will be reviewed annually by the Fund. Additionally, the Fund will review this policy statement and make revisions as appropriate, following a material change to the Fund policies in relation to any of the matters contained in the strategy. Employers will be consulted and informed of any changes.

4. Regulatory framework

Regulation 59-(1) of the LGPS Regulations 2013 enables an LGPS administering authority to prepare a document ("the pension administration strategy") detailing administrative standards, performance measures, data flows and communication with employers.

In addition, Regulation 70. -(1) of the LGPS Regulations 2013 allows an administering authority to recover costs from an employing authority where costs have been incurred because of that employing authority's level of performance in carrying out its functions under these Regulations. See section on Poor Performance.

This document has been presented, considered and ratified by the Pensions Committee on 27 July 2018 and, as such, the contents of which apply to all existing and future employers of Shropshire County Pension Fund from this date.

5. Scheme employer duties and responsibilities

The delivery of a high quality cost effective administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals employed in different organisations to ensure Scheme members and other interested parties receive the appropriate level of service, and that statutory requirements are met.

Monthly/Annual Data transfer

The Fund's method of data collection is by way of electronic data transfer using the i-Connect service. All employers will be provided with the training and guidance on how to use i-Connect.

Response to queries

There are times when the Pensions Team may need to contact employers with queries on the data provided, or to request additional information in order to provide Scheme members with details of their pension entitlement. From time to time, employers may also require information from the Pensions Team regarding the Scheme. Timescales for dealing with specific requests are listed in this document and where a timeframe is not provided, either party should be responded to within 10 working days of receipt of the request. Timescales

for dealing with bulk queries from either party should be agreed separately.

Appointing a main contact

Each employing authority must designate a named individual to act as the main point of contact with regard to any aspect of administering the LGPS, and to be responsible for ensuring the requirements set out in this strategy are met.

Their key responsibilities are:

- to act as a conduit for communications to appropriate staff within the employer - for example, Human Resources, Payroll teams, Directors of Finance;
- to ensure that standards and levels of service are maintained and regulatory responsibilities are complied with.
- to ensure that details of all nominated representatives and authorised signatures are correct and to notify the Fund of any changes immediately;
- to arrange distribution of communications literature as and when required;
- to inform the Fund of any alternative service arrangements required;
- to assure data quality and ensure the timely submission of data to the Fund; and
- to assist and liaise with the Fund on promotional activities.

Authorised signatories

Each employer must nominate individuals to act as authorised signatories, whose names and specimen signatures will be held by the Fund, and who must sign all employer documents or instructions. In signing a document, an authorised officer is not merely certifying that the form comes from the employer stated, but also that the information being provided is correct.

Consequently, if an authorised signatory is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay they are authorising to confirm that the information is correct.

It is the employer's responsibility to ensure that details of the authorised signatures are up-to-date, and to notify the Fund of any changes.

Employer Training

The Fund holds annual training for employers where officers of the Fund provide information on finances, investment performance, regulatory changes and also administration performance. Attendance by each employer's nominated contacts is actively encouraged. In most instances the training is filmed and hosted on the Pension Fund website, to enable individuals unable to attend on the day to watch afterwards.

Discretions Policy

Each employer is required by statute to prepare and publish a written statement as to how they wish to exercise the discretionary powers available to them as a Scheme employer under the LGPS regulations. The policy statement must be kept under review and, where revisions are made, the revised policy statement must be sent to the Fund and made readily available to all employees within the employing authority within one month of the effective date. The LGA has produced a list of all the discretions participating employers have in relation to the LGPS. This document can be found on the website: www.lgpsregs.org

Notification of employee's rights

Internal Disputes Resolution Procedure (IDRP)

Under Regulation 72 of the LGPS 2013 regulations, any decisions made by an employing authority affecting an employee's rights to membership, or entitlement to benefits must be made as soon as is reasonably practicable and notified to the employee in writing including a reference to their right of appeal in line with Regulation 73 of the LGPS regulations. Every notification must;

- Specify the rights under stage 1 and stage 2 of the appeals procedure quoting the appropriate regulations;
- Specify the time limits within an appeal, under either stage, which apply and;
- Specify to whom an application for appeal must be made to.
    - For first stage appeals this must be the nominated person of the employer who made the decision. For 2nd stage appeals this will be the appointed person at the administering authority

The Fund has guidance for employers to provide to individuals who raise an issue under the IDRP procedure.

Nominated person

Each employing authority is required to nominate and name the person to whom applications under Stage 1 of the IDRP should be made. Employers must also notify the Fund of any first stage appeals they receive.

Computer links

The Fund can provide the links to the Pensions Administration System, where appropriate, to large employers for employing authority staff to view certain areas of their employees' records of membership. There is a charge for this access. The most current data protection legalisation will be considered when providing this access.

The Fund will ensure that the pensions administration system is available for use during normal office hours except for any necessary scheduled maintenance of the system. Employers must notify the Fund when registered users leave the organisation, or no longer require access.

6. Service standards to Scheme members

Overriding legislation dictates the standards that pension schemes and employers should meet in providing certain pieces of information to various associated parties – not least of which includes the scheme member. The LGPS Regulations also identifies a number of requirements for the Fund and employers, which may not have all been covered in this document. It is important that employers make themselves familiar of the HR and Payroll guides available on www.lgpsregs.org

An online employers guide is available on the Fund's website www.shropshirecountypensionfund.co.uk which includes template forms and guidance for all Scheme employers.

The levels of performance and procedures which the Fund and employers are expected to achieve to ensure compliance with the overriding legislation are outlined in the below tables:

NEW STARTERS	
EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
To ensure that pensions information is included as part of any new employment induction process, including in contracts of employment and appointment letters. To ensure that all employees subject to contractual admission are brought into the Scheme from their relevant start date, and provide the Pensions Team with accurate member data, using the monthly data submission i-Connect, within four weeks of the members start date. To provide each new employee with a Brief Scheme Guide and New Member Form with their contract of employment. This may be in the form of issuing a paper copy or by directing all new members to the Fund's website where the information can be viewed or downloaded. The most up to date versions of forms and guides can always be found on the Fund website. To determine the appropriate contribution rate (whether individually or by an automated process on payroll) and (as soon as is reasonably practicable), notify the employee of this contribution rate which is to be deducted from the employee's pensionable pay and the date from which the rate will become payable. It is for the employer to determine the method by which the notification is given to the employee, but the notification must contain a statement giving the address from which further information about the decision may be obtained. The notification must also notify the employee of the right to appeal, including the processes and timescales involved. Furthermore, the correct employee contribution rate according to the scheme the member is in – either the 50/50 or 100/100 scheme should be applied and (if appropriate) adjusted throughout the year according to the employer's discretionary policy on re-banding. To send the Fund notification through i-Connect of any eligible employees subject to automatic enrolment, who opt out of the scheme within six weeks of joining. Where there is more than one contract of employment with the same employer, each membership shall be maintained separately and the Fund notified as above.	To accurately create member records on the pensions administration system following notification from an employer of a new entrant to the Scheme. To support employer requests to attend inductions. To update pension information in accordance with regulatory changes, and to keep PDF versions of forms and guides up to date on the Fund website. www.shropshirecountypensionfund.co.uk The Fund will contact all new starters, providing them with an activation key for 'My Pension Online' and reissuing a New Member Form if one has not been received, within 8 weeks of notification of a new starter. To accurately record and update member records on the pension administration system within following the receipt of a completed New Member Form.

CHANGES IN CIRCUMSTANCES FOR ACTIVE MEMBERS	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To ensure that the Fund is informed of any changes in the circumstances of employees through i-Connect within four weeks of the change. Forms and guidance can be found in the employers' area of the Fund website at: www.shropshirecountypensionfund.co.uk **CHANGES INCLUDE:** **Personal Information:** • Change of Name • Marital Status • National insurance Number **Conditions of employment affecting pensions:** • Contractual hours (mandatory for members who meet the underpin requirements only) • Any remuneration changes due to promotion and down grading • Full-time equivalent pensionable pay according to the pre 2014 definition • Actual pensionable pay (including overtime/additional hours) in 100/100 and 50/50 schemes according to the post 2014 definition (CARE). • Employees contribution rate • Employee number and/or post number • Date joined scheme (if adjusted) • Confirmation of 50/50 or 100/100 scheme entry NB. An Employee can easily exceed HMRC annual allowance if their pay increases. You therefore are asked to inform the Fund of: • Significant pay awards/pay increases • Honorariums • Additional Voluntary Contributions (AVC) contributions • Shared Cost AVC contributions (if applicable) • Shared Cost Additional Pension Contributions For a full list of data items required, see the section FINANCIAL AND DATA OBLIGATIONS, or further information is available from the Fund directly. Employers can also visit the webpage on 'monthly data reports and end of year procedure' on the Fund website www.shropshirecountypensionfund.co.uk **Absence** During periods of reduced or nil pay as a result of sickness, injury or relevant child related leave (i.e. ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave) assumed pensionable pay (APP) should be applied for pension purposes. Employer contributions should be deducted from pay and any APP. If the employee receives no pay the employer contributions should still be deducted from APP. Should an employee wish to purchase Additional Pension Contributions (APC) or a Shared Cost Additional Pension Contributions (SCAPC) contract to buy back the pension 'lost' during the absence, the APP amount will need to be calculated and provided to the member's employer. Employers must bring to the attention of the member, before a period of absence, that they can buy back the 'lost' pension. Employers should also direct members to the website www.lgpsmember.org where they can calculate the cost to buy back this 'lost' pension. As employees have a thirty day timeframe with which to buy back the lost pension, employers should be sure to mention this to the employee early on in the 30 day period. **Types of absences include:** • Maternity, paternity and adoption • Paid & unpaid leave of absence • Industrial action (SCAPC not available) • Any other material/authorised period of absence **See section 'ADDITIONAL PENSION CONTRIBUTIONS (APCs) and SHARED COST APC's' for further information.**	To provide forms and spreadsheets for recording key changes in circumstance and to provide guidance on the secure submission of data through i-Connect. To accurately record and update member records on the pensions administration systems within four weeks of notification, or any shorter period as requested by the employer with regards to specific requirements.

ANNUAL RETURN, VALUATION & ANNUAL BENEFIT STATEMENTS	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To ensure the Fund receives accurate year to date information to 31 March through the month twelve i-Connect data submission. The information should be accompanied by a final statement (lgs121a); balancing the amounts paid during the year with the total amounts submitted via i-Connect for the year and to include leavers. A compliance statement (lgs121b) must also be submitted and both duly signed by an appropriate officer. Should there be any under/over payment discovered whilst reconciling, accompanying paperwork detailing this must be submitted together with payment or a formal request for a refund. Year end reconciliation must be completed and forms sent by 30 April each year. To provide any additional information that may be requested to produce annual benefit statements for service up until the 31 March in each particular year by the 30 April each year. To provide the Fund with up to date and correct information as and when requested in accordance with agreed timescales and the regulations. To ensure that all errors highlighted from the annual contribution and pensionable pay posting exercise are responded to and corrective action taken promptly.	To process employer year end contribution returns within three months of receipt i.e. 30 April, or within three months of receipt of the information if later. To produce annual benefit statements for all active members by 31 August. To highlight annually if an individual has exceeded their annual allowance and issue a pensions saving statement by 5 October. Annual benefit statements will also be produced for deferred members, but no information from employers will be required. To provide data to the Fund Actuary and Government Actuary's Department to enable employer contribution rates to be accurately determined. To provide an electronic copy of the actuarial valuation report and contributions certificate to each employer.

RETIREMENT & TRANSFER IN/OUT ESTIMATES	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To submit a request using form PEN010 by post, or attaching it to an email. Each form must be signed by an authorising officer. For larger bulk estimates, requests should be made via the spreadsheet template provided by the Pensions Team, and notice should be given in advance when any redundancy exercises are planned. To provide pay and other relevant information requested by the Pensions Team either on an individual basis within ten working days of the request, or for bulk/group requests by an agreed timescale with the Pensions Team. To help the Fund promote the 'My Pension Online' area for members when requested.	To issue the individual quotations/information within ten working days after all information required to process a quotation has been received. To provide information to the scheme member on any potential transfer in of benefits once all information required to process the quotation has been received (transfer estimate from other pension provider, contracting out, salary details etc) within ten working days. However, legally we do have up to two months to provide the transfer information following receipt of all information required to process the quotation. Separate agreed timescales and any additional cost will be put in place for bulk requests. To provide large employers with links to the appropriate software in order for employing authority staff to view certain areas of their employees' records of membership. (Employers should note there is a charge for this access). To maintain and promote the 'My Pension Online' area on the website for members to login and view their pension information.

DIVORCE & OUTSOURCINGS ESTIMATES	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To provide pay and other relevant information requested by the Pensions Team either on an individual basis within ten working days of the request, or for bulk/group requests by an agreed timescale with the Pensions Team. **Staff transfers e.g. outsourcings** To ensure early notification/liaison with the Pensions Team when considering an outsourcing exercise which affects members/eligible members of the LGPS. See guidance on 'Becoming an employer or existing employer letting a contract' on the Fund's website.	Where a request for divorce information including a CETV is received from the member, or the Court, this will be issued three months from the date of receipt of the signed form request from the member, or receipt of the Court order. When a shorter timescale is requested/imposed the Pensions Team will provide the member with the schedule of charges. To provide guidance to current employers participating in the Fund who are considering outsourcing.

ACTUAL RETIREMENTS	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To submit the appropriate PEN007 leavers form to the Fund as soon as the information is available. The PEN007 form must be completed fully, and signed by an authorised signatory, as it confirms the information required to enable the benefits to be calculated and the employer's decision as to the type of benefit that is to be paid to the member. Evidence of the calculation of final pensionable pay may be requested so the Pensions Team can check the accuracy of the pay provided. The PEN007 form will be returned if it appears to be incorrect. Further information can be found in the Employers area of the Fund website via www.shropshirecountypensionfund.co.uk	To issue the member with a letter and benefits information within five working days of correctly completed employer's notification via the PEN007 leavers form. However, from receipt of all information required to process, the regulations state that we do have up to one month following the date benefits become payable or two months if retirement is early. To issue the member with a letter notifying them of actual retirement benefits within five days following receipt of all documentation from the member To make payment of any lump sum within five working days of receipt of all relevant fully completed forms and certificates from the member, or retirement date if later. To pay any pension payment on the 29th of each month following retirement, unless this falls on a weekend or bank holiday when the payment will be made on the last working day before. Payment will also be made earlier in the month of December to take account of the Christmas period.

ILL HEALTH RETIREMENTS	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To determine whether an ill health benefit award is to be made, based on medical evidence and the criteria set in the current LGPS regulations, and after obtaining an opinion from a Fund approved Independent Registered Medical Practitioner (IMRP) on the appropriate certificate. If an award is made, to then determine which tier 1, 2 or 3 is to be awarded. Arrange for completion of the PEN007 form and then submit to the Fund with all related paperwork including IMRP certificate and a copy of the notice letter issued to the member confirming the level of ill health benefits awarded and the appeal information under IDPR To keep a record of all Tier 3 ill health retirements, particularly in regards to arranging the eighteen-month review. Arranging if necessary with an (IMRP) approved by the administration authority for a further medical certificate. To recover any overpayment of pension benefits following a discovery of gainful employment and notify the Fund, where appropriate. To review all Tier 3 ill health retirement cases at eighteen months. Further information on ill health retirements can be found on the employers' pages on our website www.shropshirecountypensionfund.co.uk	To calculate and pay the required benefits in line with actual retirement timescales. To assist the employer in performing their legislative responsibility to review Tier 3 ill health cases at eighteen months.

MEMBERS LEAVING EMPLOYMENT BEFORE RETIREMENT	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To notify the Fund using the PEN007 form, ensuring all relevant information is included on the form, within four weeks of the members leave date.	To accurately record and update member records on the pension administration system. The regulatory target to inform members the options available to them upon leaving the Scheme is two months following receipt of all the correct information from the employer via the PEN007 form. The Fund's best practice target to calculate notify a member of their deferred benefit entitlement is ten days following receipt of correct information from the employer via the PEN007 form. To process and pay a refund within five days to an eligible member following receipt of all relevant documentation from the member/employer.

FORMER MEMBERS WITH DEFERRED BENEFITS	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To keep adequate records of the following for members who leave the Scheme with deferred benefits, as early payment of benefits may be required: • Name & last known address • National Insurance number • Payroll number • Date of birth • Last job information including job description • Salary details • Date and reason for leaving To determine, following an application from the former employee to have their deferred benefits paid early, as to whether or not they are eligible for early payment on ill health grounds in line with the criteria set in the relevant regulations and after seeking a suitable medical opinion from an (IRMP) approved by the administering authority, or to determine whether benefits should to be released early and in some cases any actuarial reduction waivered on compassionate grounds.	To record and update member records on the pensions administration system. To provide former members with an annual benefit statement of their deferred benefits, updated by the annual pensions increase award when applicable. To provide estimates of benefits that may be payable and any resulting employer costs within ten working days of request upon request.

DEATH IN SERVICE & TERMINAL ILLNESS	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To inform the Fund immediately on the death of an employee via the PEN007 leavers form, or when a member is suffering from a potentially terminal illness and to provide details of the next of kin. Further information can be found on the employer pages of our website www.shropshirecountypensionfund.co.uk	To provide an initial letter of acknowledgement to the next of kin/informant within 5 working days following a notification of death. To provide a letter notifying dependents of benefits within five days following receipt of identification/certificates and relevant documentation. To assist employer's, employees and their next of kin in ensuring the pension options are made available and that payment of benefits are expedited in an appropriate and caring manner. The Fund's policy regarding payment of benefits in such situations, can be viewed in the Governance Compliance Statement.

ADDITIONAL PENSION CONTRIBUTIONS (APCs) & SHARED COST APC's (SCAPCs)	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To communicate to employees regarding the option of SCAPC's to cover periods of 'lost pension' and the timeframe they must elect to purchase a SCAPC. Members must elect within thirty days of returning to work following the absence, but employers have the discretion to extend this period. This should be laid out in the employer's Discretions Policy. To calculate and collect from the employee, payroll contributions and to arrange the prompt payment to the Fund, according to the published schedule and to be no later than the 19th of the month following the deduction. More information can be found in the employer area on www.shropshirecountypensionfund.co.uk	To provide information on APCs to members/employers through www.shropshirecountypensionfund.co.uk, and direct employees to the national LGPS member website where a modeller can be found.

FINANCIAL & DATA OBLIGATIONS	
EMPLOYERS' RESPONSIBILITY	**FUND'S RESPONSIBILITY**
To pay the Fund all contributions deducted from payroll (not including AVCs) of its employees and employer contributions and any deficit lump sum payments due on a monthly basis, no later than the 19th day of the month following the period of deductions. Further information can be found in the Employer Guide via www.shropshirecountypensionfund.co.uk Each payment must be accompanied by an i-Connect data extract providing the following data for each member; • National Insurance number • Payroll reference 1 • Member address and postcode • Date of leaving • Payroll period end date • Additional contributions 1 • Additional contributions 2 • Surname • Forenames • Gender • Date of birth • Marital status • Title • Taxable earnings • Annual pensionable salary (only required at month 12) • Pensionable pay • Date joined LGPS • Job title • Part-time hours effective date • Part-time hours • Part-time indicator • Whole-time equivalent hours • Employee's main section contributions • Employer's contributions • Scheme contribution rate • Opt out date • Opt in date • Main section cumulative pensionable pay • 50/50 section cumulative pensionable pay • Full-time equivalent final pay • Cumulative employee's main section contributions • Cumulative employer's contributions • Reason for leaving • Cumulative employer Shared Cost APC's • Cumulative employee APC's • Employee's 50/50 section contributions • Cumulative employees 50/50 section contributions • Pay period Shared Cost APC's • Pay period employee APC's Employers are required to pay all rechargeable items to the Fund immediately on receipt of the invoice. The Fund, in certain circumstances, may not commence the member benefits until the invoice has been paid.	To allocate correctly the contributions received to each employee record and to keep a log of contributions received from each employer. To charge interest for late payment in the following circumstances; • Employer contributions (including deficit payment) are overdue if they are received a month later than the due date specified. • All other payments are overdue if they are not received by the due date specified. Inform each employer of any new contribution bandings tables in place from each April. Inform employers of any rechargeable items as they become due. Early Retirement Strain will be notified prior to benefits being put into payment. To keep the Fund's Privacy Notice up to date on the website for all members. To keep a Memorandum of Understanding which explains the relationship between the administering authority and participating employers when sharing personal data.

7. Standards of data

Overriding Legislation in performing the role of administering the LGPS. The Fund and employers will comply with the overriding legislation, including:

- the Occupational Pensions Schemes
- (Disclosure of Information) Regulations 2015;
- The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015;
- the Pensions Act 1995, 2004 and 2014;
- any Transitional Regulations currently in place;
- the Discretionary and Compensation Regulations 2006;
- the Data Protection Act 1998;
- the Freedom of Information Act 2000;
- the Disability Discrimination Act 1995;
- the Age Discrimination Act 2006;
- the Finance Act 2004;
- Health and Safety legislation;
- Employment Rights Act 2010;
- HMRC Legislation and Current GAD Guidance;
- Public Service Pensions Act 2013;

and any future amendments to the above legislation.

Data Protection Act 2018

The Shropshire County Pension Fund is a Data Controller as part of the Data Protection Act 2018 which incorporates the General Data Protection Regulation (GDPR). This means we store, hold and manage personal data in line with statutory requirements to enable us to provide pension administration services. To enable us to carry out our statutory duty, we are required to share information with certain bodies, but will only do so in limited circumstances. More information about how we hold data and who we share it can be found in the Fund's Privacy Notice on www.shropshirecountypensionfund.co.uk

The Fund has introduced a Memorandum of Understanding (MOU). The aim of the MOU is to set out that participating employers in the Local Government Pension Scheme (LGPS) can share data with the LG administering authority without a data sharing agreement being in place. (There is no legal requirement for employers to have a data sharing agreement with LGPS administering authorities as they are both data controllers.) A copy of the MOU can be found on the employers' area of the website www.shropshirecountypensionfund.co.uk

Secure Data Transfer

The Fund will follow Shropshire Council's as Administering Authority data security guidelines when sending any personal data, including its published data sharing policy. This means that members' personal data will only be transferred from one party to the other via an acceptable method specified by the Administering Authority which may include any of the following:

a. i-Connect data transfer service (Internet based application)
b. Secure email
c. Paper forms signed by an authorising officer from the employer
d. Password protected excel spreadsheet

All these measures start from the date of receipt of all relevant information. The annual performance of the Fund is reported each year in the Annual Report.

Audit

The Fund is subject to an annual audit of its processes and internal controls. Employers are expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations will be considered and where appropriate implemented with employing authority cooperation.

Benchmarking

The Fund will regularly monitor its costs and service performance by benchmarking with other administering authorities. Details of the costs of administration, quality measures and standards of performance will be published in the Annual Report.

8. Employer performance reporting

As part of this Pensions Administration Strategy the Fund will develop arrangements for reporting on key performance measures.

This approach to reporting will facilitate engagement with employers and provide a mechanism for service level review and recognition of best practice.

Poor performance/additional work

The Fund will seek, at the earliest opportunity, to work closely with employers in identifying areas of poor performance, provide the necessary training and development, and to put in place appropriate processes to improve the level of service in the future.

In the event of continued poor performance, or additional work imposed on the Fund as a result of employer poor performance and a lack of any evidence of any measures being taken to achieve improvement by an employing authority, the Fund will seek to recover any additional costs arising.

Any third party costs or regulatory fines incurred by the Fund as a consequence of administrative failures or poor performance by the employing authority will be recovered from the employer. These may include fines imposed by the Courts, the Pensions Ombudsman or the Pensions Regulator and additional charges in respect of actuarial fees, third party computer charges and additional printing and distribution costs.

In dealing with poor performance the Fund will:

- write to the main contact at the employer setting out the area(s) of poor performance;
- meet with the employing authority, where possible, to discuss area(s) of poor performance and how these can be addressed;
- contact the individual/body with overall authority for the Scheme employer (i.e. CEO/ Chair of Trustee Board/Parish or Town Council)
- issue formal written notice, where no improvement is demonstrated by the employing authority or where there has been a failure to take agreed action by the employing authority;
- Make a claim for cost recovery, taking account of time and resources in resolving the specific area(s) of poor performance.

- Will report any claim for the cost of recovery to the Pension Committee/Pensions Board at the next available meeting and may form part of the administration report in the Fund's published Annual Report.

Reporting breaches
The Fund has a procedure to be followed by certain persons in relation to reporting breaches of the law to the Pensions Regulator. The breaches procedure applies, in the main to;

- all members of the Shropshire Pension Board and Committee;
- all officers involved in the management of the Pension Fund including members of the Treasury Team, Pensions Administration Team, and the Head of Finance, Governance and Assurance (Section 151 Officer);
- any professional advisers including auditors, actuaries, legal advisers and fund managers; and
- officers of employers participating in the Shropshire County Pension Fund who are responsible for LGPS matters.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

If a breach occurs the breaches policy must be followed. The most up to date breaches policy can be found on the Fund's website. If a breach occurs by an employer, the Fund will notify the employer to ensure improvements are made and will record and monitor the breach. If this failure to comply with the regulations is likely to be material, it will be reported to the Pensions Regulator.

9. Associated policy statements

Participating employers are advised to familiarise themselves with the other policies issued by the Fund.

Employer Events Policy
The purpose of this document is to describe the various "life stages" of an employer participating in the Fund. It summarises the events and possible outcomes from those events right through until it withdraws from the Fund.

Communications Strategy Statement
The statement outlines the Fund's policy on:

- information to members, representatives and employers;
- the format, frequency and method of distributing such information;
- the promotion of the Scheme to prospective members and their employing authorities

Governance Compliance Policy
Shropshire Council has delegated to the Pensions Committee various powers and duties in respect of the administration of the Fund.

This statement sets out the scheme of delegation and the terms of reference, structure and operational procedures of the delegation. It also includes information on how it will exercise certain discretions provided by the Scheme.

Employer Discretions Policy
Since 1997, the LGPS regulations have required every employing authority to:

- issue a written policy statement on how it will exercise the various discretions provided by the Scheme;
- keep it under review;
- revise as necessary.

A full list of employer discretions can be found on www.lgpsregs.org

The Fund has purchased a template to assist employers when making their policy. A copy of the template can requested from the Pensions Team.

10. Fund Contact Information

Write/visit:
Shropshire County Pension Fund, The Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND
Call: 01743 252130
Email: pensions@shropshire.gov.uk
Web: www.shropshirecountypensionfund.co.uk

Funding Strategy Statement

Appendix
03

Agreed by Pensions Committee June 2021

This Funding Strategy Statement has been prepared by Shropshire Council (the Administering Authority) to set out the funding strategy for the Shropshire County Pension Fund (the "Fund"), in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIP).

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Executive summary

Ensuring that the Shropshire County Pension Fund (the "Fund") has sufficient assets to meet its pension liabilities in the long term is the fiduciary responsibility of the Administering Authority (Shropshire Council). The Funding Strategy adopted by the Shropshire County Pension Fund will therefore be critical in achieving this.

The purpose of this Funding Strategy Statement ("FSS") is to set out a clear and transparent funding strategy that will identify how each Fund employer's pension liabilities are to be met going forward.

The details contained in this Funding Strategy Statement will have a financial and operational impact on all participating employers in the Shropshire County Pension Fund.

It is imperative therefore that each existing or potential employer is aware of the details contained in this statement.

Given this, and in accordance with governing legislation, all interested parties connected with the Shropshire County Pension Fund have been consulted and given opportunity to comment prior to this Funding Strategy Statement being finalised and adopted. This statement takes into consideration all comments and feedback received.

The fund's objective

The Administering Authority's long term objective is for the Fund to achieve a 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits arising as they fall due. This objective will be considered on an employer specific level where appropriate.

The general principle adopted by the Fund is that the assumptions used, taken as a whole, will be chosen sufficiently prudently for pensions already in payment to continue to be paid, and to reflect the commitments that will arise from members' accrued pension rights.

The funding strategy set out in this document has been developed alongside the Fund's investment strategy on an integrated basis taking into account the overall financial and demographic risks inherent in the Fund. The funding strategy includes appropriate margins to allow for the possibility of events turning out worse than expected. Individual employer results will also have regard to their covenant strength and the investment strategy applied to the asset shares of those employers.

Solvency and long-term cost efficiency

Each employer's contributions are set at such a level to achieve full solvency in a reasonable timeframe. Solvency is defined as a level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise.

Employer contributions are also set in order to achieve long term cost efficiency. Long term cost-efficiency implies that contributions must not be set at a level that is likely to give rise to additional costs in the future. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the appropriate time. Equally, the FSS must have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

When formulating the funding strategy, the Administering Authority has taken into account these key objectives and also considered the implications of the requirements under Section 13(4)(c) of the Public Service Pensions Act 2013. As part of these requirements the Government Actuary's Department (GAD) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund is set at an appropriate level to ensure the "solvency" of the pension fund and "long term cost efficiency" of the Local Government Pension Scheme (the "LGPS") so far as relating to the Fund.

Recovery plan and contributions

As the solvency level of the Fund is 94% at the valuation date i.e. the assets of the Fund are less than the liabilities, a recovery plan needs to be

implemented such that additional contributions are paid into the Fund to meet the shortfall. (In a similar manner, where an individual employer is in surplus it may in certain circumstances be appropriate to reduce the overall contributions payable to reflect this, by way of a "surplus offset".)

Deficit contributions paid to the Fund by each employer will be expressed as £s amounts (flat or increasing year on year) and it is the Fund's objective that any funding deficit is eliminated as quickly as the participating employers can reasonably afford given other competing cost pressures (surplus offset contributions, in cases where there is a funding surplus, will normally be expressed as a percentage of pensionable payroll). This may result in some flexibility in recovery periods by employer which would be at the sole discretion of the Administering Authority. The recovery periods will be set by the Fund, although employers will be free to select any shorter deficit recovery period if they wish. Employers may, in certain circumstances at the discretion of the Administering Authority, also elect to make prepayments of contributions which could result in a cash saving over the valuation certificate period.

The target recovery period for the Fund as a whole is 13 years at this valuation which is 3 years shorter than the target recovery period from the previous valuation. Subject to affordability and other considerations individual employer recovery periods would also be expected to reduce by 3 years at this valuation.

Where there is an increase in contributions required at this valuation the employer may, at the Administering Authority's discretion, be permitted to step-up their total contributions over a period of 3 years.

McCloud

The Government has confirmed that a remedy is required for the LGPS in relation to the McCloud judgment. Therefore, the Fund has considered its policy in relation to costs that could emerge from the McCloud judgment in line with the guidance from the Scheme Advisory Board in conjunction with the Actuary. Whilst the remedy is not known and may not be known for some time, for the purpose of this valuation, when considering the appropriate contribution provision, we have assumed that the judgment would have the effect of removing the current age criteria applied to the underpin implemented in 2014 for the LGPS. This underpin therefore would apply to all active members as at 1 April 2012. The relevant estimated costs have been quantified and notified to employers on this basis but also highlighting that the final costs may be different. Employers will be able to choose to include these estimated costs over 2020/23 in their certified contributions. Alternatively, they will need to make allowance within their budgets and note that additional contributions could be payable if the remedy is known before the next valuation.

Actuarial assumptions

The actuarial assumptions used for assessing the funding position of the Fund and the individual employers, the "Primary" contribution rate, and any contribution variations due to underlying surpluses or deficits (i.e. the "Secondary" rate) are set out in an Appendix to this FSS.

The discount rate in excess of CPI inflation (the "real discount rate") has been derived based on the expected return on the Fund's assets allowing for the long term strategy set out in its Investment Strategy Statement (ISS). When assessing the appropriate prudent discount rate, consideration has been given to the level of expected asset returns in excess of CPI inflation (i.e. the rate at which the benefits in the LGPS generally increase each year). It is proposed at this valuation the real return over CPI inflation for determining the past service liabilities is 1.85% per annum and for determining the future service ("Primary") contribution rates is 2.25% per annum.

Where warranted by an employer's circumstances, the Administering Authority retains the discretion to apply a discount rate based on a lower risk investment strategy for that employer to protect the Fund as a whole. Such cases will be determined by the Section 151 Officer and reported to the Committee.

The demographic assumptions are based on the Fund Actuary's bespoke analysis for the Fund, also taking into account the experience of the wider LGPS where relevant.

Employer asset shares

The Fund is a multi-employer pension Fund that is not formally unitised and so individual employer asset shares are calculated at each actuarial valuation. This means it is necessary to make some approximations in the timing of cashflows and allocation of investment returns when deriving each employer's asset share.

At each review, cashflows into and out of the Fund relating to each employer, any movement of members between employers within the Fund, along with investment return earned on the asset share, are allowed for when calculating asset shares at each valuation.

Other adjustments are also made on account of the funding positions of orphan bodies which fall to be met by all other active employers in the Fund.

Fund policies

In addition to the information/approaches required by overarching guidance and Regulation, this statement also summarises the Fund's practice and policies in a number of key areas. The Fund's Employer Events Framework Policy Document lays out the relevant polices in greater detail, including how the Fund will exercise its discretion as required, and the relevant sections of that policy document will be deemed to be part of this FSS:

1. **Covenant assessment and monitoring**
   An employer's financial covenant underpins its legal obligation and crucially the ability to meet its financial responsibilities to the Fund now and in the future. The strength of covenant to the Fund effectively underwrites the risks to which the Fund is exposed. These risks include underfunding, longevity, investment and market forces.

   The strength of employer covenant can be subject to substantial variation over relatively short periods of time and, as such, regular monitoring and assessment is vital to the overall risk management and governance of the Fund. The employers' covenants will be assessed and monitored objectively in a proportionate manner, and an employer's ability to meet their obligations in the short and long term will be considered when determining its funding strategy.

   After the valuation, the Fund will continue to monitor employers' covenants in conjunction with their funding positions over the inter-valuation period. This will enable the Fund to anticipate and pre¬empt any material issues arising and thus adopt a proactive approach in partnership with the employer.

2. **Admitting employers to the Fund**
   Various types of employers are permitted to join the LGPS under certain circumstances, and the conditions upon which their entry to the Fund is based and the approach taken is determined by the Fund's admission policy. Examples of new employers include:
   - **Mandatory Scheme Employers -** for example new academies (see later section)
   - **Designated bodies -** those that are permitted to join if they pass a resolution for example Town and Parish Councils.
   - **Admission bodies -** usually arising as a result of an outsourcing or a transfer to an entity that provides some form of public service and their funding primarily derives from local or central government.

   The key objective for the Fund is to only admit employers where the risk to the Fund is mitigated as far as possible. The different employers pose different risks to the Fund.

   Certain employers may be required to provide a guarantee or alternative security before entry will be allowed, in accordance with the Regulations and Fund policies.

3. **Inter-valuation contribution reviews**
   The Regulations allow contributions to be reviewed and potentially revised between valuations at the Administering Authority's discretion, under the following scenarios:
   - There has been a significant change in the employer's membership which will have a material impact on their liabilities
   - There has been a significant change in the employer's covenant
   - The Administering Authority is of the opinion that a change in circumstances means the employer is likely to exit the Fund

   Where the Fund becomes aware that any of the above circumstances apply, they

may review and amend the employer's contributions between actuarial valuations, in line with the process detailed in the Employer Events Policy. An employer may also be able to trigger a review where they feel any of the above apply.

4. Termination policy for employers exiting the Fund

When an employer ceases to participate within the Fund, it becomes an exiting employer under the Regulations. The Fund is then required to obtain an actuarial valuation of that employer's liabilities in respect of the benefits of the exiting employer's current and former employees, along with a termination contribution certificate.

The process applying on termination will depend on whether the exiting employer has a guarantor within the Fund:

Termination with no guarantor

Where there is no guarantor who could subsume the liabilities of the exiting employer, the Fund's policy is to use more prudent assumptions to assess the termination position, to protect the remaining Fund employers.

Any deficit will be recovered from the exiting employer via the payment of a termination deficit. In the case of a surplus, the Fund will pay the exit credit to the exiting employer.

Termination with a guarantor

Where there is a guarantor who will subsume the liabilities, the termination position is assessed using an "ongoing" valuation basis, so consistent with the funding target assumptions.

Where there is no "risk sharing" (meaning the exiting employer is responsible for their final position in the Fund), any deficit will be recovered from the exiting employer if possible (and the guarantor otherwise) via the payment of a termination deficit. In the case of a surplus, the Fund will pay the exit credit to the exiting employer once the risk sharing position has been determined.

Otherwise, any deficit or surplus would be subsumed by the guarantor and taken into account at the following valuation.

Where the exiting employer and guarantor disagree on whether there is any "risk sharing", the Fund will assume that an exit credit is payable to the exiting employer. The guarantor will then have 1 month to dispute this, at which point the payment will be put on hold, and the two parties will be expected resolve the dispute between themselves. The Fund will not become involved in any dispute between the two parties until all other avenues have been explored. Further detail is set out in Section 5 of this FSS and in the Employer Events Framework.

Managing the exit payment / credit, and alternatives to termination

Under certain circumstances options other than immediate termination and settlement of any surplus/deficit are possible at the discretion of the Administering Authority, including:

- Issuing a suspension notice
- Spreading any termination payment
- Entering into a Deferred Debt Agreement

The Fund's Employer Events Framework Policy Document contains further details on the termination process and options available. The Administering Authority also reserves the right to modify the termination approach on a case by case basis if circumstances warrant it based on the advice of the Actuary.

5. Insurance arrangements

The Fund may consider whether ill health retirement costs can be insured either through a third party insurer or by setting up an internal captive insurance arrangement which pools these risks for eligible employers. If such an arrangement is implemented the relevant employer contribution rates will be adjusted accordingly.

1. Introduction

The Local Government Pension Scheme Regulations 2013 (as amended) ("the 2013 Regulations") and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the 2014 Transitional Regulations") (collectively; "the Regulations") provide the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS). The key requirements for preparing the FSS can be summarised as follows:

- After consultation with all relevant interested parties involved with the Shropshire County Pension Fund (the "Fund"), the Administering Authority will prepare and publish their funding strategy;
- In preparing the FSS, the Administering Authority must have regard to:
  - the guidance issued by CIPFA for this purpose; and
  - the Investment Strategy Statement (ISS) for the Fund published under Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended);
- The FSS must be revised and published whenever there is a material change in either the policy set out in the FSS or the ISS.

Benefits

The benefits provided by the Fund are specified in the governing legislation contained in the Regulations referred to above. Benefits payable under the Fund are guaranteed by statute and thereby the pensions promise is secure for members. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time facilitating scrutiny and accountability through improved transparency and disclosure.

The Fund is a defined benefit arrangement with principally final salary related benefits from contributing members up to 1 April 2014 and Career Average Revalued Earnings ("CARE") benefits earned thereafter. There is also a "50:50 Scheme Option", where members can elect to accrue 50% of the full Fund benefits in relation to the member only and pay 50% of the normal member contribution.

Employer contributions

The required levels of employee contributions are specified in the Regulations. Employer contributions are determined in accordance with the Regulations (which require that an actuarial valuation is completed every three years by the actuary, including a rates and adjustments certificate specifying the "primary" and "secondary" rate of the employer's contribution).

Primary rate

The "Primary rate" for an employer is the contribution rate required to meet the cost of the future accrual of benefits, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant.

The Primary rate for the whole fund is the weighted average (by payroll) of the individual employers' Primary rates.

Secondary rate

The "Secondary rate" is an adjustment to the Primary rate to arrive at the total rate of contribution each employer is required to pay. The Secondary rate may be expressed as a percentage adjustment to the Primary rate, and/or a cash adjustment in each of the three years beginning 1 April in the year following the actuarial valuation.

Secondary rates for the whole fund in each of the three years shall also be disclosed. These will be the calculated weighted average based on the whole fund payroll in respect of percentage rates and the total amount in respect of cash adjustments

2. Purpose of the FSS in policy terms

Funding is the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the actuary.

The Administering Authority's long term objective is for the Fund to achieve a 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits arising as they fall due.

The purpose of this Funding Strategy Statement is therefore:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward by taking a prudent longer-term view of funding those liabilities;
- to establish contributions at a level to "secure the solvency" of the pension fund and the "long term cost efficiency";
- to have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

The intention is for this strategy to be both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives which need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Administering Authority to implement and maintain.

3. Aims and purpose of the fund

The aims of the Fund are to:

- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due
- enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers, scheduled, resolution and admitted bodies, while achieving and maintaining fund solvency and long term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future due to sector changes
- maximise the returns from investments within reasonable risk parameters taking into account the above aims.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income, and
- pay out monies in respect of Fund benefits, transfer values, costs, charges and expenses as defined in the 2013 Regulations, the 2014 Transitional Regulations and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

4. Responsibilities of the key parties

The efficient and effective management of the Fund can only be achieved if all parties exercise their statutory duties and responsibilities conscientiously and diligently. The key parties for the purposes of the FSS are the Administering Authority (and, in particular the Pensions Committee the individual employers and the Fund Actuary and details of their roles are set out below. Other parties required to play their part in the fund management process are bankers, custodians, investment managers, auditors and legal, investment and governance advisors, along with the Local Pensions Board created under the Public Service Pensions Act 2013.

Key parties to the FSS

The Administering Authority should:

- operate the pension fund
- collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in the Regulations
- pay from the pension fund the relevant entitlements as stipulated in the Regulations
- invest surplus monies in accordance the Regulations
- ensure that cash is available to meet liabilities as and when they fall due
- take measures as set out in the Regulations to safeguard the fund against the consequences of employer default
- manage the valuation process in consultation with the Fund's actuary
- prepare and maintain a FSS and an ISS, both after proper consultation with interested parties, and
- monitor all aspects of the Fund's performance and funding, amending the FSS/ISS as necessary
- effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and a Fund employer, and
- establish, support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice.

The Individual Employer should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations), unless they are a Deferred Employer.
- pay all contributions, including their own as determined by the actuary, promptly by the due date
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of Fund benefits, early retirement strain, and
- have regard to the Pensions Regulator's focus on data quality and comply with any requirement set by the Administering Authority in this context, and
- notify the Administering Authority promptly of any changes to membership which may affect future funding.

The Fund actuary should:

- prepare valuations including the setting of employers' contribution rates at a level to ensure fund solvency after agreeing assumptions with the Administering Authority and having regard to their FSS and the Regulations
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters such as pension strain costs, ill health retirement costs etc
- provide advice and valuations on the termination of admission agreements
- provide advice to the Administering Authority on bonds and other forms of security against the financial effect on the Fund of employer default
- assist the Administering Authority in assessing whether employer contributions need to be revised between valuations as required by the Regulations
- advise on funding strategy, the preparation of the FSS and the inter-relationship between the FSS and the ISS, and
- ensure the Administering Authority is aware of any professional guidance or other professional requirements which may be of relevance to the Fund Actuary's role in advising the Fund.

5. Solvency funding target

Securing the "solvency" and "long term cost efficiency" is a regulatory requirement. To meet these requirements the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "funding target") assessed on an ongoing past service basis including allowance for projected final pay where appropriate. In the long term, an employer's total contribution rate would ultimately revert to its Primary rate of contribution.

Solvency and long term efficiency

Each employer's contributions are set at such a level to achieve full solvency in a reasonable timeframe. Solvency is defined as a level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise.

Employer contributions are also set in order to achieve long term cost efficiency. Long term cost-efficiency implies that contributions must not be set at a level that is likely to give rise to additional costs in the future. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the appropriate time.

When formulating the funding strategy the Administering Authority has taken into account these key objectives and also considered the implications of the requirements under Section 13(4)(c) of the Public Service Pensions Act 2013. As part of these requirements the Government Actuary's Department (GAD) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund is set at an appropriate level to ensure the "solvency" of the pension fund and "long term cost efficiency" of the LGPS so far as relating to the Fund.

Determination of the solvency funding target and recovery plan

The principal method and assumptions to be used in the calculation of the funding target are set out in Appendix A. The Employer Recovery Plans are set out in Appendix B.

Underlying these assumptions are the following two tenets:

- that the Fund is expected to continue for the foreseeable future; and
- favourable investment performance can play

a valuable role in achieving adequate funding over the longer term.

This allows the Fund to take a longer term view when assessing the contribution requirements for certain employers.

In considering this the Administering Authority, based on the advice of the Actuary, will consider if this results in a reasonable likelihood that the funding plan will be successful potentially taking into account any changes in funding after the valuation date up to the finalisation of the valuation by 31 March 2020 at the latest.

As part of each valuation separate employer contribution rates are assessed by the Fund Actuary for each participating employer or group of employers. These rates are assessed taking into account the experience and circumstances of each employer, following a principle of no cross-subsidy between the distinct employers and employer groups in the Fund.

The Administering Authority, following consultation with the participating employers, has adopted the following objectives for setting the individual employer contribution rates arising from the 2019 actuarial valuation:

- The Fund does not believe it appropriate for offsets to total contributions in respect of any surplus to be allowed where the employer has a deficit on their termination assumptions, unless there is compelling reason to do so.
- Where warranted by an employer's circumstances, the Administering Authority retains the discretion to apply a discount rate based on a lower risk investment strategy for that employer to protect the Fund as a whole. Such cases will be determined by the Section 151 Officer and reported to the Committee.
- The target deficit recovery/surplus offset period for the Fund as a whole will reduce by three years, to 13 years at the 2019 valuation, so as to maintain same "end point". For individual employers who are open to new members, subject to consideration of affordability, as a general rule the deficit recovery/surplus offset period will reduce by 3 years for employers at this valuation when compared to the preceding valuation. This is to target full solvency over a similar (or shorter) time horizon. Employers will have the freedom to adopt a deficit recovery plan on the basis of a shorter period if they so wish. Subject to affordability considerations and other factors, a bespoke period may be applied in respect of particular employers where the Administering Authority considers this to be warranted (see Recovery Plan in Appendix B).
- Individual employer contributions will be expressed and certified as two separate elements:
  - the **Primary rate:** a percentage of pensionable payroll in respect of the cost of the future accrual of benefits
  - the **Secondary rate:** a schedule of lump sum monetary amounts over 2020/23 in respect of an employer's surplus or deficit (the Secondary rate may be expressed as a percentage of pensionable payroll in cases where there is a funding surplus)

  For any employer, the total contributions they are actually required to pay in any one year is the sum of the Primary and Secondary rates (subject to an overall minimum of zero). Both elements are subject to further review from April 2023 based on the results of the 2022 actuarial valuation.
- · Where increases in employer contributions are required from 1 April 2020, following completion of the 2019 actuarial valuation, if the Administering Authority agrees then the increase from the rates of contribution payable in the year 2020/21 may be implemented in steps, over a maximum period of 3 years.

Employers exiting the fund

On the cessation of an employer's participation in the Fund, in accordance with the Regulations, the Fund Actuary will be asked to make a termination assessment. In such circumstances the approach will depend on whether the employer has a guarantor in the in Fund:

Termination with no guarantor

Where there is no guarantor who could subsume the liabilities of the exiting employer, the Fund's policy on assessing the termination position is as follows:

EMPLOYERS WITH NO GUARANTOR IN THE FUND WHO JOINED PRIOR TO 1 JULY 2012	EMPLOYERS WITH NO GUARANTOR IN THE FUND WHO JOINED AFTER 1 JULY 2012
Using a corporate bond basis, with the discount rate based on the long dated Sterling AA Corporate Bond yield of appropriate duration, and allowing for a more prudent assessment of future mortality trends.	Using a "least risk" funding basis based on government bonds of appropriate duration, and allowing for a more prudent assessment of future mortality trends.

In the case of a deficit, the Fund would normally require the exiting employer to pay the termination deficit to the Fund as an immediate lump sum cash payment (unless agreed otherwise by the Administering Authority at their sole discretion) following completion of the termination process.

In the case of a surplus, the Fund pays the exit credit to the exiting employer following completion of the termination process (within 6 months of cessation or such longer period as may be agreed in the individual case). This is subject to the exiting employer providing sufficient notice to the Fund of their intent to exit; any delays in notification will impact on the payment date.

Termination with a guarantor

Where there is a guarantor who could subsume the liabilities, the termination position is assessed using an "ongoing" valuation basis so consistent with the funding target assumptions.

Where there is a guarantor who will subsume the liabilities in full, the termination position is assessed using an "ongoing" valuation basis so consistent with the funding target assumptions. Where a guarantee takes any other form, the assessment will use the "no guarantor" approach outlined above.

a. No "risk sharing": A "risk sharing" arrangement in this instance is a situation where the guarantor, rather than the exiting employer, is responsible for the termination payment.

Where there is no risk sharing, in the event of a deficit, the Fund will seek to recover this from the exiting employer in the first instance. However, if this is not possible, then to maintain a consistent approach between treatment of surplus and deficit, the Fund will then seek to recover the deficit from the guarantor via an additional cash payment, unless otherwise agreed with the Administering Authority. In the case of a surplus, the Fund will pay the exit credit to the exiting employer once the risk sharing position has been determined.

b. "Risk sharing" applies: Any assets, liabilities and deficit or surplus would be subsumed by the guarantor and taken into account at the following valuation.

Where the employer has a guarantor, the Administering Authority will need to determine whether a) and b) applies. In that case they will:

- contact both the exiting employer and the guarantor to confirm whether there is a "risk-sharing" arrangement in place, and to ask for any evidence of this
- where both sides agree, the termination assessment will be progressed in line with the standard approach
- otherwise, the Fund's normal policy will be to proceed assuming the exiting employer is responsible for any termination payment, and so is entitled to any exit credit

Once the termination assessment is complete, the two parties will be notified of the outcome. At that point either party will have 1 month to dispute the outcome. If this happens then payment of any exit credit will be put on hold, and the two parties will be expected to resolve the dispute between themselves, without input from the Fund. The Fund will not become involved in any dispute between the two parties until all other avenues have been explored. The following arrangements will apply in respect of disputes raised with the Fund:

- In the case of a surplus, in line with the amending Regulations (The Local Government Pension Scheme (Amendment) Regulations 2020) the parties will need to make formal representations to the Administering Authority if they believe an Exit Credit should be paid outside the policy set out above, or if they dispute the determination of the Administering Authority. The Fund will notify the parties of the information required to make the determination on request.
- If the Fund determines an Exit Credit is payable then they will pay this directly to the exiting employer within 6 months of completion of the final cessation assessment by the Actuary.
- In the case of a deficit, in order to maintain

a consistent approach, the Fund will seek to recover this from the exiting employer in the first instance and if this fails, the matter will be referred to the guarantor. If neither the Fund nor the guarantor succeeds in recovering the deficit, then the deficit will be recovered from the guarantor either as a further contribution collection or at the next valuation depending on the circumstances.

If requested, the Administering Authority will provide details of the information considered as part of the determination. A determination notice will be provided alongside the termination assessment from the Actuary. The notice will cover the following information and process steps:

1. Details of the employers involved in the process (e.g. the exiting employer and guarantor).
2. Details of the admission agreement, commercial contracts and any amendments to the terms that have been made available to the Administering Authority and considered as part of the decision making process. The underlying principle will be that if an employer is responsible for a deficit, they will be eligible for any surplus. This is subject to the information provided and any risk sharing arrangements in place.
3. The final certification of the exit credit by the Actuary.
4. The Administering Authority's determination based on the information provided.
5. Details of the appeals process in the event that a party disagrees with the determination and wishes to make representations to the Administering Authority.

In some instances, the outgoing employer may only be responsible for part of the residual deficit or surplus as per the separate risk sharing agreement. The default is that any surplus would be retained by the Fund in favour of the outsourcing employer/ guarantor unless the commercial contract or other arrangements dictate otherwise and the Fund is aware of this or representation is made by the relevant parties in line with the Regulations (as noted above). For the avoidance of doubt, where the outgoing employer is not responsible for any termination costs under a risk sharing agreement then no exit credit will be paid as per the Regulations, provided that the guarantor makes the Fund aware of the provisions of the risk sharing agreement in any representation made. The Fund may seek to recover any costs associated with the dispute resolution process as part of the final termination settlement.

In the event of parties unreasonably seeking to crystallise the exit credit on termination, the Fund will consider its overall policy and seek to recover termination deficits as opposed to allowing them to be subsumed with no impact on contribution requirements until the next assessment of the contribution requirements for the guarantor. Equally where a guarantor decides not to underwrite the residual liabilities the basis of assessment on termination will assume the liabilities are orphaned and thus the minimum risk basis will apply.

Managing the exit payment / credit, and alternatives to termination

The default policy is that any termination payment due is paid in full following the final assessment. However, the regulations give power to the Administering Authority to use its discretion to allow alternative approaches and these will be considered where this is in the best interest of the Fund. These are:

Suspension	Spreading	Deferred agreement
Issue a "suspension notice" if the employer is likely to have active members in the near Future	Allow the termination payment to be spread over an agreed period	To allow the employer to remain in the Fund under a "Deferred Debt Agreement" (DDA)

The Fund's Employer Events Framework Policy Document includes more detail on the termination process, and in particular the options available around managing termination and termination payments, and the relevant sections of that policy document will be deemed to be part of this FSS.

Funding for non-ill health early retirement costs

Employers are required to meet all costs of early retirement strain by immediate capital payments into the Fund.

6. Link to Investment Policy and the Investment Strategy Statement (ISS)

The results of the 2019 valuation show the liabilities to be 94% covered by the current assets, with the funding deficit of 6% being covered by future deficit contributions.

In assessing the value of the Fund's liabilities in the valuation, allowance has been made for growth asset out-performance as described below, taking into account the investment strategy adopted by the Fund, as set out in the ISS.

It is not possible to construct a portfolio of investments which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio which represents the "minimum risk" investment position which would deliver a very high certainty of real returns above assumed CPI inflation. Such a portfolio would consist of a mixture of long-term index-linked, fixed interest gilts and possible swaps.

Investment of the Fund's assets in line with this portfolio would minimise fluctuations in the Fund's funding position between successive actuarial valuations.

If, at the valuation date, the Fund had been invested in this portfolio, then in carrying out this valuation it would not be appropriate to make any allowance for growth assets out-performance. This would result in real return of less than CPI at the valuation date. On this basis of assessment, the assessed value of the Fund's liabilities at the valuation would have been significantly higher, resulting in a funding level of 54%.

Departure from a minimum risk investment strategy, in particular to include growth assets such as equities, gives a better prospect that the assets will, over time, deliver returns in excess of CPI inflation and reduce the contribution requirements. The target solvency position of having sufficient assets to meet the Fund's pension obligations might in practice therefore be achieved by a range of combinations of funding plan, investment strategy and investment performance.

Asset Class	Allocation	Control Ranges
Total Equities	**47.0**	**42.0-52.0**
Unconstrained global equities**	11.0	8.0-14.0
UK equities	8.0	5.5-10.5
Passive equities (100% hedged to GBP)*	28.0	22.0-34.0
Total alternatives	**25.5**	**20.5-30.5**
European (inc UK) property	5.0	n/a
Private equity	5.0	n/a
Infrastructure	3.0	n/a
Fund of hedge funds	7.5	n/a
Insurance-linked securities	1.5	n/a
Property debt	3.5	n/a
Total bonds	**27.5**	**22.5-32.5**
Liability driven investment (LDI)	3.5	2.0-5.0
Unconstrained bonds	24.0	20.0-28.0

***The Fund has implemented an equity derivatives program with Legal and General Investment Management in order to manage the SCPF's exposure to equity markets over the short to medium term. The strategy protects c£655m of equities with £140m of protection expiring in June 2021, another £215m in September 2021, and £300m in December 2021. The protection targeted is such that when expected dividend income is allowed for, total losses over the terms of the protection will be no greater than 3%, unless the extent of price losses are sufficiently large to result in total losses exceeding 23%, in which case the protection structure reduces the total return losses by 20%. The protection was funded by selling potential upside returns on the equity protected with the amount retained varying by region. // **The Fund transferred its unconstrained active global equities to LGPS Central in March 2019.**

The investment strategy set out above and individual return expectations on those asset classes equate to an overall best estimate average expected return of 2.5% per annum in excess of CPI inflation as at 31 March 2019 i.e. a 50/50 change of achieving this real return. For the purposes of setting a funding strategy however, the Administering Authority believes that it is appropriate to take a margin for prudence on these return expectations (see further comment in Appendix A).

The Administering Authority is currently in the process of reviewing the investment strategy and this is expected to be completed later this year. The revised strategy will be reflected in the updated Investment Strategy Statement in due course and the next revision of the Funding Strategy Statement which is expected to be undertaken as part of the 2022 valuation of the Fund.

7. Identification of risks and counter measures

The funding of defined benefits is by its nature uncertain. Funding of the Fund is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Administering Authority has been advised by the Fund Actuary that the greatest risk to the funding level is the investment risk inherent in the predominantly equity based strategy, so that actual asset out-performance between successive valuations could diverge significantly from that assumed in the long term.

Financial

The financial risks are as follows:

- Investment markets fail to perform in line with expectations
- Market outlook moves at variance with assumptions
- Investment Fund Managers fail to achieve performance targets over the longer term
- Asset re-allocations in volatile markets may lock in past losses
- Pay and price inflation significantly more or less than anticipated
- Future underperformance arising as a result of participating in the larger asset pooling vehicle.

Any increase in employer contribution rates (as a result of these risks), may in turn impact on the service delivery of that employer and their financial position.

In practice the extent to which these risks can be reduced is limited. However, the Fund's asset allocation is kept under constant review and the performance of the investment managers is regularly monitored.

Demographic

The demographic risks are as follows:

- Longevity horizon continues to expand
- Deteriorating pattern of early retirements (including those granted on the grounds of ill health)
- Unanticipated acceleration of the maturing of the Fund resulting in materially negative cashflows and shortening of liability durations
- The level of take-up of the 50:50 option at a higher or lower level than built into the actuarial assumptions.

Increasing longevity is something which government policies, both national and local, are designed to promote. It does, however, result in a greater liability for pension funds.

Apart from the regulatory procedures in place to ensure that ill-health retirements are properly controlled, **employing bodies should be doing everything in their power to minimise the number of ill-health retirements.** Early retirements for reasons of redundancy and efficiency do not affect the solvency of the Fund because they are the subject of a direct charge.

With regards to increasing maturity (e.g. due to further cuts in workforce and/or restrictions on new employees accessing the Fund), the Administering Authority regularly monitors the position in terms of cashflow requirements and considers the impact on the investment strategy.

Insurance of certain benefits

The contributions for any employer may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of any benefit costs being insured with a third party or internally within the Fund.

Regulatory

The key regulatory risks are as follows:

- Changes to Regulations, e.g. changes to the benefits package, retirement age, potential new entrants to Fund,
- Changes to national pension requirements and/or HMRC Rules

Membership of the LGPS is open to all local government staff and should be encouraged as

a valuable part of the contract of employment. However, increasing membership does result in higher employer monetary costs.

Governance

The Fund has done as much as it believes it reasonably can to enable employing bodies and Fund members (via their representatives on the Local Pension Board) to make their views known to the Fund and to participate in the decision-making process.

Governance risks are as follows:

- The quality of membership data deteriorates materially due to breakdown in processes for updating the information resulting in liabilities being under or overstated
- Administering Authority unaware of structural changes in employer's membership (e.g. large fall in employee numbers, large number of retirements) with the result that contribution rates are set at too low a level
- Administering Authority not advised of an employer closing to new entrants, something which would normally require an increase in contribution rates
- An employer ceasing to exist with insufficient funding or adequacy of a bond. Where there is a guarantor body in place, any outstanding funding deficit that is not recovered from the outgoing employer / bond will need to be paid by the guarantor (or the assets and liabilities for the outgoing employer will need to be subsumed by the guarantor). For cases where there is no guarantor or bond in place, any outstanding funding deficit that is not recovered from the outgoing employer will need to be subsumed by the Fund as a whole and spread across all employers.
- Changes in the Committee membership.

For these risks to be minimised much depends on information being supplied to the Administering Authority by the employing bodies. Arrangements are strictly controlled and monitored, but in most cases the employer, rather than the Fund as a whole, bears the risk.

8. Monitoring and review

The Administering Authority has taken advice from the actuary in preparing this Statement, and has consulted with the employers participating in the Fund.

A full review of this Statement will occur no less frequently than every three years, to coincide with completion of a full actuarial valuation. Any review will take account of the current economic conditions and will also reflect any legislative changes.

The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the triennial valuation process), for example, if there:

- has been a significant change in market conditions, and/or deviation in the progress of the funding strategy
- have been significant changes to the Fund membership, or LGPS benefits
- have been changes to the circumstances of any of the employing authorities to such an extent that they impact on or warrant a change in the funding strategy
- have been any significant special contributions paid into the Fund.

When monitoring the funding strategy, if the Administering Authority considers that any action is required, the relevant employing authorities will be contacted. In the case of admitted bodies, there is statutory provision for rates to be amended between valuations but it is unlikely that this power will be invoked other than in exceptional circumstances.

Inter-valuation contribution reviews

The Regulations allow contributions to be reviewed and potentially revised between valuations at the Administering Authority's discretion, under the following scenarios:

Scenario 1	Scenario 2	Scenario 3
There has been a significant change in the employer's membership which will have a material impact on their liabilities	There has been a significant change in the employer's covenant	The Administering Authority is of the opinion that a change in circumstances means the employer is likely to exit the Fund

Scenarios 1 and 2 apply to “ongoing” employers, who are generally expected to remain in the Fund, and are reviewed on that basis. Reviews can be triggered by the Fund, or requested by the employer.

Reviews will not take place where a) the funding position changes solely due to changes in market conditions (asset movements or assumption changes), b) the next actuarial valuation rates and adjustments certificate is less than 6 months away and membership changes would otherwise trigger a review (reviews in this period due to covenant changes may be considered), or c) where the Fund does not believe that a review is necessary or in the best interests of the Fund as a whole.

Scenario 3 employers who are “planning for exit” are expected to leave the Fund in the near future, and their review will take place on that basis, with a focus on achieving a fully funded position at termination.

Cost management and the McCloud judgement

The cost management process was set up by HMT, with an additional strand set up by the Scheme Advisory Board (for the LGPS). The aim of this was to control costs for employers and taxpayers via adjustments to benefits and/or employee contributions.

As part of this, it was agreed that employers should bear the costs/risks of external factors such as the discount rate, investment returns and inflation changes, whereas employees should bear the costs/risks of other factors such as wage growth, life expectancy changes, ill health retirement experience and commutation of pension.

The outcomes of the cost management process were expected to be implemented from 1 April 2019, based on data from the 2016 valuations for the LGPS. This was put on hold due to age discrimination cases brought in respect of the firefighters and judges schemes, relating to protections provided when the public sector schemes were changed (which was on 1 April 2014 for the LGPS and 1 April 2015 for other Schemes). The process has now commenced again, but no outcomes are available as of yet.

It is not known how these cases will affect the LGPS or the cost management process at this time. The Scheme Advisory Board issued guidance which sets out how the McCloud case should be allowed for within the 2019 valuation.

The potential impact of the judgement (based on the information available at the time) has been quantified and communicated to employers as part of the 2019 valuation. Employers will be able to choose to include these estimated costs over 2020/23 in their certified contributions. Alternatively, they will need to make allowance within their budgets and note that additional contributions could be payable if the remedy is known before the next valuation.

Appendix A

Actuarial method and assumptions

Method

The actuarial method to be used in the calculation of the solvency funding target is the Projected Unit method, under which the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service. This method implicitly allows for new entrants to the Fund on the basis that the overall age profile of the active membership will remain stable. As a result, for those employers which are closed to new entrants, an alternative method is adopted, which makes advance allowance for the anticipated future ageing and decline of the current closed membership group potentially over the period of the rates and adjustments certificate.

Financial assumptions - solvency funding target

Investment return (discount rate)

The discount rate has been derived based on the expected return on the Fund assets base on the long term strategy set out in the Investment Strategy Statement (ISS). It includes appropriate margins for prudence. When assessing the appropriate discount rate consideration has been given to the returns in excess of CPI inflation (as derived below). The discount rate at the valuation has been derived based on an assumed return of 1.85% per annum above CPI inflation i.e. a real return of 1.85% per annum, equating to a total discount rate of 4.25% per annum. This real return will be reviewed from time to time based on the investment strategy, market outlook and the Fund's overall risk metrics.

Where warranted by an employer's circumstances, the Administering Authority retains the discretion to apply a discount rate based on a lower risk investment strategy for that employer to protect the Fund as a whole.

Inflation (Consumer Prices Index)

The inflation assumption will be taken to be the investment market's expectation for RPI inflation as indicated by the difference between yields derived from market instruments, principally conventional and index-linked UK Government gilts as at the valuation date, reflecting the profile and duration of the Fund's accrued liabilities, but subject to the following two adjustments:

- an allowance for supply/demand distortions in the bond market is incorporated, and
- an adjustment due to retirement pensions being increased annually by the change in the Consumer Price Index rather than the Retail Price Index

The overall reduction to RPI inflation at the 2019 valuation date was 1.0% per annum. However, this was in advance of the Government's decision to move RPI in line with CPIH from 2030 – this decision will act to reduce the gap between RPI and CPI from that point on. Therefore, this assumption will be reviewed and updated periodically as needed by the Fund Actuary.

Salary increases

In relation to benefits earned prior to 1 April 2014, the assumption for real salary increases (salary increases in excess of price inflation) will be determined by an allowance of 1.25% p.a. over the inflation assumption as described above. This includes allowance for promotional increases.

Pension increases/Indexation of CARE benefits

Increases to pensions are assumed to be in line with the inflation (CPI) assumption described above. This is modified appropriately to reflect any benefits which are not fully indexed in line with the CPI (e.g. Guaranteed Minimum Pensions where the LGPS is not required to provide full indexation).

Demographic Assumptions

Mortality/Life Expectancy

The mortality in retirement assumptions will be based on the most up-to-date information in relation to self-administered pension schemes published by the Continuous Mortality Investigation (CMI), making allowance for future improvements in longevity and the experience of the Fund. The mortality tables used are set out below, with a loading reflecting Fund specific experience. The derivation of the mortality assumption is set out in

a separate paper as supplied by the Actuary. For all members, it is assumed that the accelerated trend in longevity seen in recent years will continue in the longer term and as such, the assumptions build in a minimum level of longevity 'improvement' year on year in the future in line with the CMI projections with a long-term improvement trend of 1.5% per annum.

The mortality before retirement has also been adjusted based on LGPS wide experience.

Commutation

It has been assumed that, on average, 50% of retiring members will take the maximum tax-free cash available at retirement and 50% will take the standard 3/80ths cash sum. The option which members have to commute part of their pension at retirement in return for a lump sum is a rate of £12 cash for each £1 p.a. of pension given up.

Other Demographics

Following an analysis of Fund experience carried out by the Actuary, the incidence of ill health retirements, withdrawal rates and the proportions married/civil partnership assumption have been modified from the last valuation. In addition, no allowance will be made for the future take-up of the 50:50 option (an allowance of 10% of current and future members (by payroll) for certain employers was made at the last valuation). Where any member has actually opted for the 50:50 scheme, this will be allowed for in the assessment of the rate for the next 3 years. Other assumptions are as per the last valuation.

Expenses

Expenses are met out the Fund, in accordance with the Regulations. This is allowed for by adding 0.6% of pensionable pay to the contributions as required from participating employers. This addition is reassessed at each valuation. Investment expenses have been allowed for implicitly in determining the discount rates.

Discretionary Benefits

The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the Regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation

Method and assumptions used in calculating the cost of future accrual (or primary rate)

The future service liabilities are calculated using the same assumptions as the funding target except that a different financial assumption for the discount rate is used. A critical aspect here is that the Regulations state the desirability of keeping the "Primary Rate" (which is the future service rate) as stable as possible so this needs to be taken into account when setting the assumptions.

As future service contributions are paid in respect of benefits built up in the future, the FSR should take account of the market conditions applying at future dates, not just the date of the valuation, thus it is justifiable to use a slightly higher expected return from the investment strategy. In addition the future liabilities for which these contributions will be paid have a longer average duration than the past service liabilities as they relate to active members only.

The financial assumptions in relation to future service (i.e. the normal cost) are not specifically linked to investment conditions as at the valuation date itself, and are based on an overall assumed real discount rate of 2.25% per annum above the long term average assumption for consumer price inflation of 2.4% per annum, giving a total discount rate of 4.65% per annum.

Employer asset shares

The Fund is a multi-employer pension Fund that is not formally unitised and so individual employer asset shares are calculated at each actuarial valuation. This means it is necessary to make some approximations in the timing of cashflows and allocation of investment returns when deriving the employer asset share.

In attributing the overall investment performance obtained on the assets of the Fund to each employer a pro-rata principle is adopted. This approach is effectively one of applying a notional individual employer investment strategy identical to that adopted for the Fund as a whole unless agreed otherwise between the employer and the Fund at the sole discretion of the Administering Authority.

At each review, cashflows into and out of the Fund relating to each employer, any movement of members between employers within the Fund, along with investment return earned on the asset share, are allowed for when calculating asset shares at each valuation.

Other adjustments are also made on account of the funding positions of orphan bodies which fall to be met by all other active employers in the Fund.

Summary of key whole fund assumptions used for calculating funding target and cost of future accrual (the "primary rate") for the 2019 actuarial valuation

Long-term yields	
Market implied RPI inflation	3.4% p.a.
Solvency Funding Target financial assumptions	
Investment return/Discount Rate	4.25% p.a.
CPI price inflation	2.4% p.a.
Long Term Salary increases	3.65% p.a.
Pension increases/indexation of CARE benefits	2.4% p.a.
Future service accrual financial assumptions	
Investment return/Discount Rate	4.65% p.a.
CPI price inflation	2.4% p.a.
Long Term Salary increases	3.9% p.a.
Pension increases/indexation of CARE benefits	2.4% p.a.

Life expectancy assumptions

The post retirement mortality tables adopted for this valuation, along with sample life expectancies, are set out below:

	BASE TABLE	Improvement	Adjustment (M/F)
Current pensioners:			
Normal health	S3PA	CMI_2018 [1.5%]	93% / 88%
Ill-health	S3PA	CMI_2018 [1.5%]	115% / 126%
Dependants	S3PMA / S3DFA	CMI_2018 [1.5%]	124% / 87%
Future dependants	S3PMA / S3DFA	CMI_2018 [1.5%]	119% / 106%
Current active/deferred:			
Active normal health	S3PA	CMI_2018 [1.5%]	98% / 90%
Active ill-health	S3PA	CMI_2018 [1.5%]	116% / 139%
Deferred	S3PA	CMI_2018 [1.5%]	117% / 104%
Future dependants	S3PMA / S3DFA	CMI_2018 [1.5%]	126% / 113%

Other demographic assumptions are set out in the Actuary's formal report.

Appendix B

Employer recovery plans

As the assets of the Fund are less than the liabilities at the effective date, a recovery plan needs to be adopted such that additional contributions are paid into the Fund to meet the shortfall.

Deficit contributions paid to the Fund by each employer will be expressed as £s amounts and it is the Fund's objective that any funding deficit is eliminated as quickly as the participating employers can reasonably afford based on the Administering Authority's view of the employer's covenant and risk to the Fund. However, some employers have funding surpluses and in these cases any "surplus offset" will normally be determined as a percentage of pensionable pay.

Recovery periods will be set by the Fund on a consistent basis across employer categories where possible and communicated as part of the discussions with employers. This will determine the minimum contribution requirement and employers will be free to select any shorter deficit recovery period and higher contributions if they wish, including the option of prepaying the deficit contributions in one lump sum (either on annual basis or a one-off payment). This will be reflected in the monetary amount requested via a reduction in overall £ deficit contributions payable.

The determination of the target recovery periods is summarised in the table below. Individual employer circumstances may dictate that a different recovery period is applied in specific cases:

Category	Target Recovery Period	Derivation
Fund Employers	13 years	Determined by reducing the recovery period from the preceding valuation by 3 years.
Open Admitted Bodies	13 years	Determined by reducing the recovery period from the preceding valuation by 3 years.
Closed Employers	Based on the future working lifetime of the membership	Determined by the future working life of the membership.
Employers with a limited participation in the Fund	Determined on a case by case basis	Length of expected period of participation in the Fund

In determining the actual recovery period to apply for any particular employer or employer grouping, the Administering Authority may take into account some or all of the following factors:

- The size of the funding shortfall;
- The business plans of the employer;
- The assessment of the financial covenant of the Employer, and security of future income streams;
- Any contingent security available to the Fund or offered by the Employer such as guarantor or bond arrangements, charge over assets, etc.

The objective is to recover any deficit over a reasonable timeframe, and this will be periodically reviewed. Subject to affordability considerations a key principle will be to maintain the contributions at the expected monetary levels from the preceding valuation (allowing for any indexation in deficit payments over the recovery period).

Other factors affecting the Employer Recovery Plans

As part of the process of agreeing funding plans with individual employers, the Administering Authority will consider the use of contingent assets and other tools such as bonds or guarantees that could assist employing bodies in managing the cost of their liabilities or could provide the Fund with greater security against outstanding liabilities. All other things equal this could result in a longer recovery period being acceptable to the Administering Authority, although employers will still be expected to at least cover expected interest costs on the deficit.

For an employer without a guarantor in the Fund, any surplus offset will normally only be allowed to the extent that the employer has a surplus on its termination basis.

It is acknowledged by the Administering Authority that, whilst posing a relatively low risk to the Fund as a whole, a number of smaller employers may be faced with significant contribution increases that could seriously affect their ability to function in the future. The Administering Authority therefore would be willing to use its discretion to accept an evidenced based affordable level of contributions for the organisation for the three years 2020/23. Any application of this option is at the ultimate discretion of the Fund officers and Section 151 officer in order to effectively manage risk across the Fund. It will only be considered after the provision of the appropriate evidence as part of the covenant assessment and also the appropriate professional advice.

For those bodies identified as having a weaker covenant, the Administering Authority will need to balance the level of risk plus the solvency requirements of the Fund with the sustainability of the organisation when agreeing funding plans. As a minimum, the annual deficit payment must meet the on-going interest costs to ensure, everything else being equal, that the deficit does not increase in monetary terms.

Notwithstanding the above, the Administering Authority, in consultation with the actuary, has also had to consider whether any exceptional arrangements should apply in particular cases.

Appendix C

Glossary

Actuarial Valuation: an investigation by an actuary into the ability of the Fund to meet its liabilities. For the LGPS the Fund Actuary will assess the funding level of each participating employer and agree contribution rates with the administering authority to fund the cost of new benefits and make good any existing deficits as set out in the separate Funding Strategy Statement. The asset value is based on market values at the valuation date.

Administering Authority: the council with a statutory responsibility for running the Fund and that is responsible for all aspects of its management and operation.

Admission bodies: A specific type of employer under the Local Government Pension Scheme (the "LGPS") who do not automatically qualify for participation in the Fund but are allowed to join if they satisfy the relevant criteria set out in the Regulations.

Benchmark: a measure against which fund performance is to be judged.

Best Estimate Assumption: an assumption where the outcome has a 50/50 chance of being achieved.

Bonds: loans made to an issuer (often a government or a company) which undertakes to repay the loan at an agreed later date. The term refers generically to corporate bonds or government bonds (gilts).

Career Average Revalued Earnings Scheme (CARE): with effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (in line with the annual change in the Consumer Prices Index) over the period to retirement.

CPI: acronym standing for "Consumer Prices Index". CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. The reference goods and services differ from those of RPI. These goods are expected to provide lower, less volatile inflation increases. Pension increases in the LGPS are linked to the annual change in CPI.

Covenant: the assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term or affordability constraints in the short term.

Deficit: the extent to which the value of the Fund's past service liabilities exceeds the value of the Fund's assets. This relates to assets and liabilities built up to date, and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).

Deferred Debt Agreement (DDA): A written agreement between the Administering Authority and an exiting Fund employer for that employer to defer their obligation to make an exit payment and continue to make contributions at the assessed Secondary rate until the termination of the DDA.

Deferred Employer: An employer that has entered into a DDA with the Fund.

Discount Rate: the rate of interest used to convert a cash amount e.g. future benefit payments occurring in the future to a present value.

Employer's Future Service Contribution Rate: the contribution rate payable by an employer, expressed as a % of pensionable pay, as being sufficient to meet the cost of new benefits being accrued by active members in the future. The cost will be net of employee contributions and will include an allowance for the expected level of administrative expenses.

Employing bodies: any organisation that participates in the LGPS, including admission bodies and Fund employers.

Equities: shares in a company which are bought and sold on a stock exchange.

Fund / Scheme Employers: employers that have the statutory right to participate in the LGPS. These organisations (set out in Part 1 of Schedule 2 of the 2013 Regulations) would not need to designate eligibility, unlike the Part 2 Fund Employers.

Funding or solvency Level: the ratio of the value of the Fund's assets and the value of the Fund's liabilities expressed as a percentage.

Funding Strategy Statement: this is a key governance document that outlines how the administering authority will manage employer's contributions and risks to the Fund.

Government Actuary's Department (GAD): the GAD is responsible for providing actuarial advice to public sector clients. GAD is a non-ministerial department of HM Treasury.

Guarantee / guarantor: a formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's covenant to be as strong as its guarantor's.

Investment Strategy: the long-term distribution of assets among various asset classes that takes into account the Funds objectives and attitude to risk.

Letting employer: an employer that outsources part of its services/workforce to another employer, usually a contractor. The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer.

Liabilities: the actuarially calculated present value of all benefit entitlements i.e. Fund cashflows of all members of the Fund, built up to date or in the future. The liabilities in relation to the benefit entitlements earned up to the valuation date are compared with the present market value of Fund assets to derive the deficit and funding/solvency level. Liabilities can be assessed on different set of actuarial assumptions depending on the purpose of the valuation.

LGPS: the Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements.

Maturity: a general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.

Members: The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees).

Minimum risk basis: an approach where the discount rate used to assess the liabilities is determined based on the market yields of Government bond investments based on the appropriate duration of the liabilities being assessed. This is usually adopted when an employer is exiting the Fund.

Orphan liabilities: liabilities in the Fund for which there is no sponsoring employer within the Fund. Ultimately orphan liabilities must be underwritten by all other employers in the Fund.

Percentiles: relative ranking (in hundredths) of a particular range. For example, in terms of expected returns a percentile ranking of 75 indicates that in 25% of cases, the return achieved would be greater than the figure, and in 75% cases the return would be lower.

Phasing/stepping of contributions: when there is an increase/decrease in an employer's long term contribution requirements, the increase in contributions can be gradually stepped or phased in over an agreed period. The phasing/stepping

can be in equal steps or on a bespoke basis for each employer.

Pooling: employers may be grouped together for the purpose of calculating contribution rates, (i.e. a single contribution rate applicable to all employers in the pool). A pool may still require each individual employer to ultimately pay for its own share of deficit, or (if formally agreed) it may allow deficits to be passed from one employer to another.

Prepayment: the payment by employers of contributions to the Fund earlier than that certified by the Actuary. The amount paid will be reduced in monetary terms compared to the certified amount to reflect the early payment.

Present Value: the value of projected benefit payments, discounted back to the valuation date.

Profile: the profile of an employer's membership or liability reflects various measurements of that employer's members, i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs their salary levels, etc.

Prudent Assumption: an assumption where the outcome has a greater than 50/50 chance of being achieved i.e. the outcome is more likely to be overstated than understated. Legislation and Guidance requires the assumptions adopted for an actuarial valuation to be prudent.

Rates and Adjustments Certificate: a formal document required by the LGPS Regulations, which must be updated at least every three years at the conclusion of the formal valuation. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the three year period until the next valuation is completed.

Real Return or Real Discount Rate: a rate of return or discount rate net of (CPI) inflation.

Recovery period: the target length of time over which the current deficit or surplus is intended to be paid off. A shorter period will give rise to a higher annual contribution in the case of a deficit, and vice versa.

Recovery Plan: a strategy by which an employer will make up a funding deficit over a specified period of time ("the recovery period"), as set out in the Funding Strategy Statement.

Scheduled bodies: types of employer explicitly defined in the LGPS Regulations, whose employers must be offered membership of their local LGPS Fund. These include Councils, colleges, universities, police and fire authorities etc, other than employees who have entitlement to a different public sector pension scheme (e.g. teachers, police and fire officers, university lecturers).

Section 13 Valuation: in accordance with Section 13 of the Public Service Pensions Act 2014, the Government Actuary's Department (GAD) have been commissioned to advise the Department for Communities and Local Government (DCLG) in connection with reviewing the 2016 LGPS actuarial valuations. All LGPS Funds therefore will be assessed on a standardised set of assumptions as part of this process.

Solvency Funding Target: an assessment of the present value of benefits to be paid in the future. The desired funding target is to achieve a solvency level of a 100% i.e. assets equal to the accrued liabilities at the valuation date assessed on the ongoing concern basis.

Valuation funding basis: the financial and demographic assumptions used to determine the employer's contribution requirements. The relevant discount rate used for valuing the present value of liabilities is consistent with an expected rate of return of the Fund's investments. This includes an expected out-performance over gilts in the long-term from other asset classes, held by the Fund.

50/50 Scheme: in the LGPS, active members are given the option of accruing a lower personal benefit in the 50/50 Scheme, in return for paying a lower level of contribution.

Investment Strategy Statement

Appendix

04

Agreed by Pensions Committee March 2019

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1. Introduction

The Local Government Pension Scheme ("LGPS"), of which the Fund is a part, is established under the Superannuation Act 1972 and is regulated by a series of Regulations made under the 1972 Act.

All LGPS funds in England and Wales are required to have an Investment Strategy Statement ("ISS" or "Statement"). Regulation 7 of The LGPS (Management and Investment of Funds) Regulations 2016 governs the requirements of this Statement. The Shropshire County Pension Fund (the "Fund") has complied with these requirements.

Under the regulations the Secretary of State has the power to intervene in the investment function of an administering authority if the administering authority does not have regard to the Regulations, guidance or if other concerns are raised. This may include changing the ISS and, in the extreme, the transfer of investment powers to the Secretary of State or another nominated person.
Shropshire Council (the "Authority") is the Administrating Authority for the Fund.

This ISS has been prepared by the Fund's Pension Committee (the "Committee"), following advice received from the Fund's consultant, Aon Hewitt.

The document takes account of the Fund's:

Approach to pooling

- the Authority's approach to the pooling of investments, including the use of collective investment vehicles and shared services.

Asset allocation and risk

- to ensure that asset allocation strategies are sufficiently diversified;
- to include the Authority's assessment of the suitability of asset classes;
- set out the maximum percentage of the total value of all investments that it will invest in in particular asset classes;
- to include the Authority's approach to risk, the assessment of risks and how they are to be managed.

Policies regarding investments

- the Authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments;
- the Authority's policy on the exercise of the rights (including voting rights) attaching to investments.

The ISS will be reviewed every three years after the investment strategy has been reviewed and is confirmed as fit for purpose. In addition the ISS will be reviewed following changes to the investment strategy.

A copy of this ISS will be made available on request to any interested party.

2. Governance

Shropshire Council has delegated responsibility for the management of the Fund to the Pension Committee. The Pension Committee has responsibility for establishing investment policy and ongoing implementation.

The Pension Committee is made up of nine members comprising both elected councillors and a non-voting employee and pensioner representative.

Members of the Pension Committee recognise that they have a fiduciary duty to safeguard, above all else, the financial interests of the Fund's beneficiaries. Beneficiaries, in this context, are considered to be the Fund Members (pensioners, employees and employers), other stakeholders being local Council Tax Payers.

Decisions affecting the Fund's investment strategy are taken with appropriate advice from the Fund's advisers. Only persons or organisations with the necessary skills, information and resources take decisions affecting the Fund. The Members of the Pension Committee will ensure they receive training as and when deemed appropriate, to enable them to critically evaluate any advice they receive.

The Committee receives independent investment advice from the following sources:

- **Roger Bartley** - strategic and overall investment approach advice.
- **Aon Hewitt** (the Investment Consultant) - analysis and advice of a technical nature in relation to all investment related aspects of the Fund.

The Fund's Scheme Administrator has responsibilities under S151 of the Local Government Act 1972 and provides financial (non-investment) advice to the Committee, including advice on financial management, issues of compliance with internal regulations and controls, budgeting and accounting and liaison with independent advisers.

Local Pensions Board

The role of the Local Pensions Board is to assist in the good governance of the scheme through the monitoring of adherence to statutory duties.

The Board consists of 2 employer and 2 member representatives.

The Pensions Board is not a decision-making body, nor does it hold a scrutiny function; its role is to assist in the compliance with scheme rules.

Investment Principles

Details to the extent to which the Pension Committee complies with the six Myners principles and the extent to which management and investment arrangements at Shropshire comply (in accordance with the existing CIPFA guidance), and where not, what action is proposed in order to comply, are set out in Appendix A.

3. Approach to Pooling

The Fund is a participating member of the LGPS Central Pool. The proposed structure and basis on which the LGPS Central Pool (the "Pool") will operate was set out in the July 2016 submission to Government.

Assets to be Invested in the Pool

The Fund's intention is to invest its assets through the LGPS Central Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government.

It is expected that the majority of the Fund's liquid assets will be transferred to the Pool during 2019, although it will take some time for the Pool to restructure the assets into appropriate sub-funds within the Pool. These sub-funds are likely to be set-up over a period of 2 – 3 years, with the timing being dependent on market conditions and operational circumstances, and until such time as the appropriate sub-fund is set up the assets transferred into the Pool will be overseen by LGPS Central on behalf of the Fund. It is not expected that any significant decisions (e.g. replacement of a manager) will be taken on the assets transferred over to the Pool without prior consultation with the Fund, unless it is part of the process that leads to the setting up of a sub-fund.

At present it is expected that any transitory cash will be held outside the Pool (but not strategic cash holdings), and it is possible that currency management will continue to be carried out at an individual fund level.

Structure and Governance of the LGPS Central Pool

The eight administering authorities of LGPS Central will all be equal shareholders of the company. A Shareholders' Forum, comprising of one elected member from each administering authority, will fulfil the shareholders' role in ensuring that the company is managed efficiently and effectively and in the best interests of the funds.

A Joint Committee, also comprising one elected member from each administering authority, has been formed that will hold the company to account on all investment-related issues. The Joint Committee has no decision making powers and all actions that are felt to be appropriate will ultimately require approval at an individual fund level.

A Practitioners' Advisory Forum, comprising of Officers of the administering authorities, has been set up. The intention of this forum is to provide support and guidance to elected members on some of the practical issues, and to act as a conduit between the Joint Committee and the Committees of individual funds.

4. Asset allocation and risk

Strategic Asset Allocation

The Fund's primary long term investment objective is to achieve and maintain a funding level at, or close to, 100% of the Fund's estimated liabilities; and within this, to endeavour to maintain low and stable employers' contribution rates. Given the constraints on local authority spending, volatility in the employer's contribution rate is undesirable.

The Committee regards the choice of asset

allocation policy as the decision that has most influence on the likelihood of achieving their investment objective. The Committee retains direct responsibility for this decision which is made on the advice of their investment adviser with input from their Fund actuary and in consultation with the employers within the Fund.

The investment strategy will normally be reviewed every three years. In addition if there is a significant change in the capital markets, in the circumstances of the Fund or in governing legislation then an earlier review may be conducted.

The Committee formulates the investment strategy with a view to:

- the advisability of investing money in a wide variety of investments;
- the suitability of particular investments and types of investment;
- ensuring that asset allocation strategies are sufficiently diversified.

The Committee will consider a full range of investment opportunities including:

- quoted and unquoted equity;
- government and non-government bonds;
- Liability Driven Investment ("LDI");
- property and infrastructure;
- hedge funds and other alternative investments;
- derivatives, including equity options

The Committee further considers the legality of all investments for compliance with the LGPS.

Investment Beliefs

The following investment beliefs are taken into account when agreeing an asset allocation policy:

- A long term approach to investment will deliver better returns.
- The long term nature of the Fund's liabilities is well suited to a long term approach to investment.
- Asset allocation policy is the most important driver of long term return.
- Risk premiums exist for certain types of asset and taking advantage of these can help to improve investment returns.
- Markets can be inefficient, and sometimes 'mispriced' for long periods of time, and there is a place for both active and passive investment management.
- Diversification across investments with low correlation improves the risk/return profile, but over-diversification is both costly and adds little value.
- The Fund should be flexible enough in its asset allocation policy to take advantage of opportunities that arise as a result of market inefficiencies, and also flexible enough to protect against identifiable short-term risks when this is both practical and cost-effective.
- Responsible investment can enhance long term investment performance and investment managers will only be appointed if they integrate responsible investment into their decision-making processes.
- Investment management fees are important and should be minimised wherever possible, but it is ultimately the net return to investors (i.e. the return after all fees and costs) that is the most important factor.

Asset-liability Study and Expected Returns

The Committee determines the strategic asset allocation policy after considering projections of the Fund's assets and liabilities which are calculated by the Fund's investment adviser, in liaison with the Fund Actuary. This asset-liability study examines different combinations of assets to determine which combination will best meet the Fund's objectives.

The asset-liability study takes into account the particular liabilities of the Fund.

In addition to a full specification of the Fund's benefits, the study will make important assumptions about the behaviour of various asset classes (such as their expected return over long periods of time and the variability of those returns) and the liabilities in the future. In framing these assumptions, it is assumed that:

- Equities may be expected to outperform other asset classes over the long term, but the returns are more unpredictable over the short term. Gilts in turn can be expected to outperform cash deposits but with greater variability.
- Asset classes do not perform in the same way; some may go up in value while others are going down.
- The performance of certain asset classes (for example index-linked gilts) is more closely

linked to the behaviour of inflation than others and so they represent a good match for liabilities linked to inflation.

Expected annualised returns are formulated for each asset class based on long term capital market assumptions, using ten year expected returns and volatilities. The returns and volatilities used for each asset class are shown in the table below, and represent the 10 year annualised nominal return assumptions from Aon Hewitt at 30 September 2018. Note these differ from the 31 December 2016 assumptions used at the last Asset-Liability Modelling study.

Asset class	31 December 2016	
	Expected Return %	Volatility %
UK Equities	6.5%	19.0%
Global Unconstrained Equities	8.1%	20.6%
Global Passive Equities	6.9%	20.0%
European Property	5.4%	17.0%
UK Index-Linked Gilts (20 year duration)	0.9%	10.5%
Unconstrained Bonds	3.8%	6.0%
Global Fund of Hedge Funds	4.0%	9.5%
Global Private Equity	7.7%	27.5%
Infrastructure	6.8%	19.0%
Inflation (CPI)	2.1%	1.0%
Whole Loans Property Debt	5.1%	8.0%
Insurance-Linked Securities	4.6%	3.5%

As part of the de-risking strategy, in the first half of 2018, the Fund committed c.£66m in Property Debt and c.£32m in Insurance-Linked Securities.

Investment Strategy and Control Ranges

The Fund's strategic asset allocation was agreed by the Pensions Committee in November 2018 as follows:

Asset class	Allocation	Control Range
Total Equities	**47.0**	**42.0 – 52.0**
Unconstrained Global Equities***	11.0	8.0 – 14.0
UK Equities	8.0	5.5 – 10.5
Passive Equities (100% Hedged to GBP)*	28.0	22.0 – 34.0
Total Alternatives	**25.5**	**20.5 – 30.5**
European (Incl UK) Property	5.0	n/a
Private Equity	5.0	n/a
Infrastructure	3.0	n/a
Fund of Hedge Funds**	7.5	n/a
Insurance-Linked Securities	1.5	n/a
Property Debt	3.5	n/a
Total Bonds	**27.5**	**22.5 – 32.5**
Liability Driven Investment (LDI)	3.5	2.0-5.0
Unconstrained Bonds **	24.0	20.0-28.0

* The Fund has implemented an equity derivatives programme with Legal & General Investment Management in order to manage the SCPF's exposure to equity markets over the short to medium term. The strategy protects £580m of equities with £140m of protection expiring in June 2019, another £140m expiring in December 2019, and another £300m expiring in December 2020. The protection targeted is such that when expected dividend income is allowed for, total losses over the terms of the protection will be no greater than 3%, unless the extent of price losses are sufficiently large to result in total returns losses exceeding 23%, in which case the protection structure reduces the total return losses by 20%. For all except the non-US expiries in December 2020, protection was funded by selling potential upside returns on the equity protected with the amount retained varying by region.
**The Fund has recently disinvested from a multi-strategy hedge fund and increased the allocation to fund of hedge funds and unconstrained bonds.
***The Fund transferred its unconstrained active global equities to LGPS Central in March 2019.

Rebalancing Policy

Officers will review the position of the Fund quarterly to ensure the assets are within the control ranges listed above, and will rebalance as appropriate.

Risk

The Committee regards 'risk' as the likelihood that it fails to achieve the objectives set out above and has taken several measures, to minimise this risk so far as is possible. The Fund's Risk Register has more information.

In particular, in arriving at the investment strategy and the production of this Statement, the Committee have considered the following key risks:

- asset-liability mismatch risk (asset allocation risk);
- the need to pay benefits when due (cash-flow risk);
- actions by the investment managers (investment risk);
- the failure of some investments (concentration risk);
- currency and counterparty risk;
- custody risk.

Asset Allocation Mismatch

The LGPS (the "Scheme") is a defined benefit pension scheme which provides benefits related to the salary of members. The Scheme is a contributory defined benefit arrangement, with active members and employing authorities contributing to the Scheme.

The value of the Fund's ongoing liabilities is sensitive to various demographic (principally longevity) and financial factors. The financial factors relevant to the Fund's investment policy are:

- the rate of return on assets;
- salary escalation and price inflation for active members;
- price inflation for deferred members;
- price inflation for pensioners.

In terms of magnitude, the Committee considers asset-liability mismatch risk to be one of the most important to control. Therefore, following each actuarial valuation, the Committee conducts an asset-liability review, which focuses on the impact of asset allocation on expected future funding levels. The Committee considers the results using advanced modelling techniques and, with the assistance of expert advisers, are able to measure and quantify them in terms of their definitions of risk. This allows the Committee to assess the probabilities of critical funding points associated with different investment strategies. Consideration is given to the volatility of a number of parameters (e.g. items associated with accounting measures, contributions etc.), to further assess the potential risks associated with a particular investment strategy.

Cash-flow Risk
The Fund remains open to new members and new accruals. Contributions are received from both active members and employers within the Fund. Active members contribute on a tiered system. Contributions from employers within the Fund are determined based on advice from the Fund Actuary based on the triennial valuation.

The majority of investments held within the Fund are quoted on major markets and may be realised quickly, if required. Certain asset classes, Hedge Funds, Private Equity, Insurance-Linked Securities, Property and Infrastructure are relatively illiquid and may take longer to realise, if required.

Investment Risk
The Committee believe the use of active management within the Fund will increase the likelihood that the Fund will meet its objectives. The decision as to whether to pursue active management is evaluated separately for each asset class, with regard to the potential reward within that asset class for taking on active manager risk.

Active manager risk is then diversified through the use of different investment managers and pooled funds.

The Committee also avails of passive management where they believe the extra risk and costs of active management would not benefit the Fund and to manage overall risk.

The Fund's assets are invested in portfolios managed by external investment managers shown in appendix B. They are benchmarked against the indicated indices. Based on expert advice (unless the assets are invested in the LGPS Central Pool in which case this will be delegated to the Pool), investment managers may be replaced at any time and this list may not always be current.

The performance targets for the investment manager(s) are shown in appendix B. Shropshire Council recognises that these targets will not be met in all periods under consideration, but expects that they will be met in the vast majority of long-term periods under consideration. In addition, the return generated on the passive equities is constrained by the equity protection strategy the Fund has in place with Legal & General.

Each investment manager appointed by the Committee (unless the assets are invested in the LGPS Central Pool in which case this will be delegated to the Pool) is bound by the terms and conditions of an Investment Management Agreement where restrictions and targets are clearly documented, including a measure of risk. The pooled fund investments and direct investments are governed by the terms and conditions of the fund and or policy documents.

Frequent monitoring of portfolio performance and exposure characteristics also aids in the ongoing risk management for the Fund (unless the assets are invested in the LGPS Central Pool in which case this will be delegated to the Pool).

Concentration Risk
The split between asset classes has been set to ensure there isn't excessive exposure to any particular asset class or specific risk such as equities or credit risk.

To ensure that asset allocation is sufficiently diversified the Committee considers a full range of investment opportunities including those available through the LGPS Central Pool. In addition investment opportunities outside the

pooling arrangements will be considered if they are not already or likely to be available through the Pool, and there are suitable resources to invest in and monitor the investment. These can include contracts related to financial futures or insurance.

Appropriate advice will be sought on alternative asset classes when setting the strategy and as opportunities arise.

Currency and Counterparty Risk

Passive equity investments are fully currency hedged by the investment manager.

Some investment managers may take active currency positions based on their mandates.

The Committee has delegated responsibility for the counterparty risk to the investment manager(s) (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool who may further delegate to investment managers).

Legal & General shall manage the Fund's margin or payment requirements arising in respect of the equity protection strategy.

Custody Risk

The Committee regards the safekeeping of the Fund's assets as of paramount importance and has appointed Northern Trust company as global custodian and record-keeper of the Fund's assets.

Stock Lending

The Fund reactivated its security lending policy with Northern Trust in February 2011, having temporarily paused the lending activity in the period after the collapse of Lehman Brothers. The collateral arrangements for the lending programme have been tightened on advice from Aon Hewitt, and the programme restarted.

The manager(s) of pooled funds may undertake a certain amount of stock lending on behalf of unit-holders. Where a pooled fund engages in this activity the extent is fully disclosed by the manager (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool).

Monitoring

The Committee monitors the strategy and its implementation as follows:

- The Committee receives, on a quarterly basis, a written report on the returns of the Fund and asset classes together with supporting analysis.
- The performance of the total Fund is also measured against the strategic benchmark, which is comprised of the asset class benchmarks weighted by the strategic allocations, and against agreed outperformance targets.
- The performance of the Fund in each asset class is measured against the relevant benchmark. A comparison against a universe of portfolios with similar mandates will also be made from time to time.

The Officers, in conjunction with the Investment Consultant, will regularly review the allocation of assets between the different asset classes.

Service Provider Monitoring

The Committee reviews from time to time the services provided by the investment adviser and other service providers as necessary to ensure that the services provided remain appropriate for the Fund.

Investment Manager Fees

Investment management fees comprise an ad valorem or fixed base fee element and in some cases a performance based element. The ad valorem fee is calculated as a percentage of assets under management. Where applicable, the performance based element is calculated as a percentage of outperformance. The assessment period ranges from one to three years depending on the investment manager and the mandate. The exact details of the fee arrangements are specific to the investment manager and are as agreed in the respective Investment Manager Agreements or pooled fund documentation (unless the assets are invested in the LGPS Central Pool in which case this will be delegated to the Pool).

5. Policies regarding investments

Social, Environmental and Corporate Governance Considerations

Shropshire Council is aware of the UK Stewardship Code and is working towards becoming signatories to the Stewardship Code (the "Code"). Although

it has not yet formally signed up to the Code it aims to abide by the principles of the Code where appropriate.

The principles of the UK Stewardship Code are included in Appendix C for information.

BMO (formerly F&C) provides a responsible engagement overlay on the Fund's UK equity portfolios. BMO enters into constructive discussions with companies on the Fund's behalf to put to them the case for improved financial returns through better management of the negative impacts they might have on the environment and society in general.

In addition the Fund is a member of the Local Authority Pension Fund Forum which helps ensure governance is in line with current best practice.

The Exercise of the Rights Attaching to Investments

The Committee has delegated responsibility for the selection, retention and realisation of investments to the investment manager(s) (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool who may further delegate to investment managers).

The Committee expects the investment managers to take steps to ensure that environmental, social and governance factors are adequately addressed in the selection, retention and realisation of investments as far as such factors may affect investment performance (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool who may further delegate to investment managers).

The Committee supports the principle of good corporate governance. It has reviewed and accepted the corporate governance policies of its investment manager(s) who exercise its voting rights. Votes are cast by proxy. Investment manager(s) provide reports when any voting rights are exercised (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool). Only direct investments in traded equity shares carry such voting rights.

Appendix A

Myners Principles for Institutional Investment Decision Making

Principle	Comply or explain	Comment/Examples
1. Effective decision making • Administrating authorities should ensure that: • decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation • Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest	Comply	Pension Committee takes decisions relating to setting investment objectives and strategic asset allocation, appointment of investment managers. Pension Committee members, substitute members and Officers participate in an annual training day, attend educational seminars and receive occasional papers and presentations at committee meetings. The training requirements of new Pensions Committee members are addressed and appropriate training programmes made available, with a formal Training Programme being submitted to the Committee for consideration on an annual basis.
2. Clear Objectives • An overall investment objective should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers and the attitude to risk of both the administrating authority and scheme employers, and these should be clearly communicated to advisors and investment managers	Comply	A Fund specific investment objective is set to maintain a funding level at, or close to 100% and within this, to endeavour to maintain low and stable employers contribution rates. As set out in the Funding Strategy Statement, the actuary takes account of a range of factors on the Fund's liabilities in setting contribution rates as part of the valuation process. Performance and risk parameters are specified in relation to relevant indices and appropriate time periods and are set out in investment mandates.
3. Risk and liabilities • In setting and reviewing their investment strategy administrating authorities should take account of the form and structure of liabilities. • These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk	Comply	Asset/Liability review is carried out every three years and the actuary takes account of a range of factors on the Fund's liabilities as set out in the Fund's Funding Strategy Statement which addresses the issues of financial assumptions, longevity and strength of covenant. If required, the actuarial funding position can be reported to the Pensions Committee on a quarterly basis, using information provided by Aon Hewitt.
4. Performance assessment • Arrangements should be in place for formal measurement of performance of the investments, investment managers and advisors • Administrating authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members	Comply	The Officers have an independent performance measurer in place. They also receive regular updates from Aon Hewitt regarding managers and the Officers meet regularly with their managers and advisors to review their performance. The Fund has recently assessed its effectiveness as a decision-making body and aims to spend more time on strategic level and asset allocation decisions compared to meeting managers going forwards.
5. Responsible ownership • Administrating authorities should • Adopt or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents • Include a statement of their policy on responsible ownership in the statement of investment principles • Report periodically to scheme members on the discharge of such responsibilities	Comply	The Investment Strategy Statement includes a statement on responsible ownership. An independent advisor is appointed to engage with companies on socially responsible issues and voting at company meetings is effected through the Fund's investment managers.
6. Transparency and reporting • Administrating authorities should • Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives • Provide regular communication to scheme members in the form they consider most appropriate	Comply	A range of documents are published relating to the Fund's investment management and governance including the governance compliance statement, Funding Strategy Statement, Investment Strategy Statement, Communication Policy Statement and Annual report and accounts. These documents are available in full on the Fund's website and any amendments are published. Stakeholders are also invited to attend the annual meeting of the Fund.

Appendix B

Investment manager mandates

Investment Manager	Asset class	Benchmark	Target
		ACTIVE PORTFOLIOS	
PIMCO Europe Ltd	Unconstrained bonds	1 month Sterling LIBOR	+4% p.a.
BlackRock	Unconstrained bonds	3 month USD LIBOR	+ 4-6% p.a.
T.Rowe Price	Unconstrained bonds	3 month Sterling LIBOR	+ 3% p.a.
BMO	Liability Driven Investment (LDI)	Hedge Benchmark (based on typical pension fund's liability profile)	Outperform the benchmark
Majedie Asset Management	UK Equities	FTSE All Share	+2% p.a. over rolling 3 year periods
MFS Investment Management	Global Equities	MSCI World	+1% p.a. over rolling 3 year periods
Investec Asset Management	Global Equities	MSCI All Country World NDR	+ 3-5% p.a. over rolling 3 year periods
Harris Associates	Global Equities	MSCI World	+ 2-3% p.a. over 3 to 5 years
Harbour Vest Partners Limited	Private Equity Fund of Funds	Broad public equities index	+ 3-5% p.a.
Global Infrastructure Management	Infrastructure	n/a	RPI +5% p.a.
Aberdeen Property Investors	European (incl UK) Property	Composite of INREV VA Europe Index, vintage 2005 – 2008 and IPD UK All Balanced Funds Index	RPI +4% p.a.
BlackRock	Fund of Hedge Funds	3 month Sterling LIBOR	+5.0% p.a.
DRC Capital	Property Debt	n/a	Absolute 6.0% p.a.
Securis	Insurance-Linked Securities	US Government 3-month treasury bill	+5.0% p.a.
		INDEXED (PASSIVE) PORTFOLIOS	
Legal & General Investment Management	Global Equity	FTSE Developed World – GBP Currency Hedged	Match benchmark*

* The Fund has implemented an equity derivatives programme with Legal & General Investment Management in order to manage the SCPF's exposure to equity markets over the short to medium term. LGPS Central active global equity sub fund performance target 1.5% p.a. above FTSE global equity benchmark on a rolling 3 year period.

Appendix C

Principles of the UK Stewardship Code

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities.
2. Have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.
3. Monitor their investee companies.
4. Establish clear guidelines on when and how they will escalate their stewardship activities.
5. Be willing to act collectively with other investors where appropriate.
6. Have a clear policy on voting and disclosure of voting activity.
7. Report periodically on their stewardship and voting activities.

Communications Policy Statement

Appendix

05

Agreed by Pensions Committee on 19 March 2020

This statement has been prepared by Shropshire Council (the Administering Authority) to set out the communications strategy for the Shropshire County Pension Fund (the scheme), in accordance with Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013.

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Introduction

This statement has been prepared in accordance with Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013 by Shropshire County Pension Fund (the 'fund'). It sets out its communications approach with scheme members, employers and other interested stakeholders.

The fund deals with over 199 employers and over 46,000 scheme members made up of contributing members, deferred members and retired members in relation to the Local Government Pension Scheme (LGPS).

The main aim of the Shropshire County Pension Fund is to provide members and employers with an efficient pension administration service providing secure pension benefits which have been worked out accurately and paid on time. Timely and clear communication with both members and employers plays a key role in helping employers meet their statutory obligations and helps members' plan their retirement.

The fund designs and delivers communications to scheme members and employers in a way that makes sure they can understand the LGPS. Information should be clear and simple to understand, as well as being accurate and easily accessible. It is important that members can understand their pension arrangements and make informed decisions when needed and employers understand their statutory responsibilities.

The Pensions Team work to maintain a thorough knowledge of the regulations to keep the confidence of its members. The Pensions Team should always be the first-place staff members turn to for LGPS pension information during their working life and in retirement.

The fund also takes part in several national groups, with the aim of sharing best communication practices. The Joint Communications Group allows the fund to work with other Local Government Authorities, giving group members the chance to share communication resources and develop joint projects, such as newsletters and member guides. The fund is also part of the Local Government Pensions Committee (LGPC), which publishes national communication material.

Principles of communication

The fund has adopted five key principles that supports all its communication. The fund is committed to making sure:

- Communication is factual and presented in plain, easy to understand language.
- Communication is designed in a manner appropriate to its audience.
- Communication is issued in a timely manner.
- Communication keeps up with the developments and improvements in new technology.
- Communication is planned, co-ordinated and reviewed.

Digital communication is used by the fund to deliver scheme information, increase member engagement and to give regular updates to employers. It can help meet member demand and expectation to regularly access pension information. It can also reduce the fund's environmental footprint by decreasing paper and printing usage. When information is asked for in paper format, a sustainable printing service will be used.

The fund makes every effort to make communication materials available in other formats such as large print, braille, audio tape and different languages, if requested.

The Local Government Pension Scheme is a desirable benefit for attracting employees to work in local government. For employers, it is a key part of their recruitment and retention package. The fund is also the last, and often the only, link between former staff members and their employers. The fund therefore has an important role in making sure effective communications continue even when members have left employment, have a deferred pension, or a pension in payment. The fund keeps in touch with all members and if contact is lost (for example, if a member has moved and not told the fund), a tracing exercise can be carried out to find the member and update their personal details.

The Pensions Team are committed to responding quickly to member requests for information, whether by face-to-face, email or letter. Information is given within set internal and regulatory timescales taking into consideration

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and other overriding legislation. The turnaround time for dealing with requests is normally ten days.

When a request for information has been made, an acknowledgement receipt will be given. If it is going to take longer than ten days to provide the information, members will be told when they are likely to receive it.

How the fund communicates

Scheme literature: A wide range of scheme literature is produced and updated by the fund for both members and employers. Copies are available on the fund website and can be provided in paper format upon request. All paper and electronic guides are made using similar branding and include full contact details for the Pensions Team. The fund has basic and full scheme guides which cover the scheme benefits, who is eligible and retirement options. Both new and prospective members are provided with basic information about the LGPS, such as how benefits are worked out, how member and employer contributions are calculated etc via the scheme guides.

One-to-one meetings: For members who prefer 'face-to-face' communication, the fund's office is at the Shirehall in Shrewsbury, and appointments can be made with a member of the team. Pre-booked appointments are encouraged and if a member drops in, they will be seen if a member of the team is available. The fund will organise one-to-one meetings at employer workplaces periodically. Employers can also ask for one-to-one meetings, but these requests will be considered depending on location and member interest.

Helpdesk: The fund has a dedicated helpdesk which deals with all the incoming post, emails and telephone calls. The helpdesk contact details are published on all scheme literature. The helpdesk telephone number is 01743 252130 and email address is pensions@shropshire.gov.uk

The helpdesk is open from 8.45am to 5.00pm Monday – Thursday and 8.45am to 4.00pm on Friday. During team meetings and busy periods an automated answering service will be in place.

Website: The fund has a website, www.shropshirecountypensionfund.co.uk, which holds most of the scheme information including copies of scheme literature, policies and annual reports. There is a latest news page which is used to keep members up to date. There is also a news page on the employer's area of the website specifically aimed at employers. The website has been adapted to make sure it is accessible to view on electronic devices such as tablets and mobile phones. The website has been developed in line with accessibility standards and has a published compliance statement.

My Pension Online: A secure online portal gives members access to their pension record. The facility provides members with the opportunity to update their personal details, view annual benefit statements and perform benefit projections, as well as change death grant nominations. Members in receipt of a pension are also able to change bank details, check their annual pension and view monthly payments. The online system can be accessed via the fund's website homepage.

Material changes to the scheme: The fund will inform members when any material changes are made to the LGPS via the website, email alerts or newsletter unless a paper notification has bene requested. This information is normally given as soon as possible after the change takes effect, but in any event within three months after the change.

Email alerts: The fund asks all members for an email address, so they can be contacted by the fund with the latest scheme news.

Presentations: The fund delivers standard or tailored presentations on a wide range of pension topics for both employers and members around the county. These presentations are provided by fund staff at the request of employers, or organised by the fund, at geographically convenient locations. Presentations keep members informed of any changes that may affect their benefits.

Newsletters: 'Pension update' is the fund's in-house newsletter for active and deferred members and is sometimes produced as a collaborative project with other funds. This newsletter is issued periodically and aims to provide topical news articles and the latest

information about the scheme and pensions in general. The newsletters are usually issued via email and published on the fund website.

InTOUCH is the fund's in-house newsletter for retired members. The newsletter is a useful way of providing updates on relevant changes in legislation, topical news and member articles.

Annual report, accounts & meeting: The annual report is a statutory financial reporting document showing the funds accounts over the previous twelve months, along with details on both investment and administration performance. Members and employers are notified when the report has been published via email and the news pages of the Fund website. An overview of the report and accounts are the focus of the fund's Annual Meeting.

Annual meeting: All members and employers are invited to attend the annual meeting. The meeting gives members the opportunity to meet the Pension Committee and the members of staff who administer the scheme. The fund's management team also use this meeting as an opportunity to provide updates on the latest fund news. The fund is committed to making the meeting widely accessible to all members and ensuring the meeting content is of both interest and relevance. The annual meeting regularly covers scheme benefit changes, valuation position and investments in an interesting and informative manner. How the fund considers economic, social and governance issues with its investments is also covered at each meeting. The annual meeting is filmed, and the video can be viewed on the fund website.

Videos: When needed, the fund uses short videos to help explain the scheme. The annual meeting and employers meeting are filmed and published on the website for members and employers to view if they are unable to attend.

Annual benefit statements: It is a statutory requirement to provide annual benefit statements to both active and deferred members. annual benefit statements are issued via My Pension Online unless a paper copy has been requested. The statements include various pension details such as the current value of benefits, how they are calculated and when they become payable. The format of the statement is continually reviewed to provide members with the required statutory information in a clear and concise manner. Statements for active members must be issued by the 31 August each year and members are notified via email when statements become available to view.

Pension savings statement: A Pensions Saving Statement will be supplied to a member by the 6 October each year if their pension savings in the fund, during a pension input period, are more than the annual allowance limit.

Active members - new starters: When eligible members are enrolled into the scheme, the employer is instructed to provide basic scheme information by issuing a scheme booklet either in paper format or via a link to the fund website. The fund also provides basic scheme information to new starters following a new employment notification. The fund produces a brief scheme guide on the Local Government Pension Scheme. This should be provided by scheme employers to all new employees as part of their letter of employment, terms and conditions – some employers choose to email this to new employees.

Retirement process booklet: All active members on reaching retirement receive a comprehensive booklet providing information on the scheme and the retirement process.

Corporate induction courses: Officers of the fund are invited to attend or to contribute to employer corporate inductions (including e-learning) for prospective members or new joiners.

Promotional campaigns: The fund periodically produces dedicated marketing literature that is sent to those who choose not to join or opt to leave the scheme. This literature promotes the benefits of having an occupational pension and gives members who have opted out an option to re-join the scheme.

P60 notification: Each member receiving a pension will have a P60 issued each year by the statutory deadline of 31 May.

Pension increase notification: Following the publication of a Pensions Increase (Review) order, the fund will adjust the relevant pensions in payment according to the order and make available the new annual pension amount to the member.

Existence checks of retired members living abroad The fund will, when appropriate, undertake to establish the continued existence of pensioner members living abroad.

Other employer communications: The increasing role of communication within all organisations means that more employers have staff newsletters, intranets and other communication facilities. The fund actively works to provide their employees with the best information and opportunities regarding the scheme and often provides information to be made available on intranets and websites.

Employer specific communications

New or prospective employers: Scheme information is given to all new and prospective scheme employers via information booklets or the employer's areas on the fund website.

Employer meetings & training sessions: Meetings and training sessions are arranged for employers on a regular basis. They are used to communicate issues with employers. For example; benefit regulation changes, administration changes, employer contribution rates and the funding level of the fund at each actuarial valuation.

Employers' guide: An employers' guide is available to all employers, explaining the processes, procedures and forms needed to effectively discharge their pension administration responsibilities. The employers' guide is held on the employers' area of the website www.shropshirecountypensionfund.co.uk

Employers bulletins: Regular email bulletins are sent to all employers who are registered contacts. These emails aim to tell employers about the latest news, issues, events and regulatory changes. The bulletin is also used to communicate any consultations about policy and regulations.

Monthly data requirements and end of year procedure: Employers must send monthly data to the Pensions Team for their scheme members to make sure their pension record is accurate. Employers in the fund must use a "middleware" facility called i-Connect that helps the fund and employers by improving the flow of member data from employers to the fund, minimizing the risk of fines from the Pension Regulator by ensuring data is regularly supplied. The cost of this system is met by the fund. Guides for using i-Connect are published on the employer's area on the fund website.

Each year employers must to submit a year end return and compliance statement. Employers are contacted towards the end of the financial year with the year-end template, forms and instructions for completion.

Webinars: Webinars are used to give information to employers without them having to travel for meetings. Employers can learn from the comfort of their desks and ask questions while the presentation is taking place. Webinar content varies depending on feedback received from employers and target specific topics where they feel they lack knowledge. Webinars can also be recorded and sent to employers who were unable to attend.

Reporting breaches: The fund has a reporting breaches policy and procedure. This makes sure anyone responsible for reporting and whistle blowing can find, assess and report (or record if not reported) a breach of pensions law. All potential breaches of the law are recorded by the fund and the scheme employer informed that it has been recorded as a breach. Each employing authority must choose a named individual to act as the main point of contact about any aspect of administering the LGPS. If an employer has built up multiple recorded breaches, the main contact will be told and asked to help resolve any outstanding issues and reduce the risk of reoccurrence.

Governance and communications

Pension Committee: The Pension Committee is made up of member representatives, employing authorities, trade union representatives and a retired member representative. The committee has an ongoing training programme for members and officers to ensure that decision making is on an informed basis. Training forms part of the quarterly committee meeting.

Knowledge building and training is provided via the fund's officers, advisors and external training courses. Pension Committee reports are available on the council's website www.shropshire.gov.uk and by following the link for 'Committees, meetings and decisions' and on the 'Pension Committee' page on www.shropshirecountypensionfund.co.uk

Pensions Board

Under the LGPS Governance Regulations 2015, a Pension Board was introduced on 1 April 2015 to ensure effective governance and administration of the Scheme.

The Local Pension Board is responsible for assisting Shropshire Council, the Scheme Manager, to secure compliance with:

- The Local Government Pension Scheme Regulations;
- Any other legislation relating to the governance and administration of the Scheme, and;
- Requirements imposed by The Pensions Regulator in relation to the Scheme and to ensure the effective governance and administration of the Scheme.

The Pension Board consists of an equal number of employee and employee representatives. Training forms part of the Pensions Board meeting.

Pension Board reports are available on the council's website www.shropshire.gov.uk and by following the link for 'Committees, meetings and decisions' and on the 'Pension Board' page on www.shropshirecountypensionfund.co.uk

Surveys and self-assessments of the knowledge and skills of both the Pensions Committee and Pensions Board members are regularly undertaken. More information can be found in the Training Policy.

Management team: The Scheme Administrator (s 151 officer) is responsible for the Pensions Administration Team and the Pension Investment Team. The Pensions Management Team meets on a weekly basis to discuss items in relation to the running of the team and regulation changes. It comprises the Pensions Administration Manager and Team Leaders. A similar monthly meeting is held between the Head of Treasury & Pensions, the Pensions Administration Manager and investment staff. Any items raised from such meetings can be escalated to the Scheme Administrator.

Team meetings: Team meetings involving all staff are held monthly. Notes of all meetings and items arising from such meetings are passed through to the Head of Treasury & Pensions and to the Scheme Administrator, if necessary.

Training: The fund seeks to continually improve the ability of staff to communicate effectively and to understand the importance of good communication. Both general and pension-specific training is provided to all staff as part of the fund's commitment to staff development. This includes the Public Sector Pension Scheme modules on the Pensions Regulators online e-portal. The fund conducts performance appraisals for its entire staff. The fund's training requirements are documented in the Training Policy held on the fund website.

Intranet and email: Each member of staff has access to email and a storage drive which contains electronic copies of many of the key documents, procedures, minutes and circulars.

Policy documents: All the fund's approved policies can be found on the website www.shropshirecountypensionfund.co.uk.

Local Authority Pensions Web: All senior members of the Pensions Team have access to the Local Authority Pensions Web where information can be exchanged with other Local Authority Pension colleagues.

Communication with other bodies

Mercer (Pension Fund Actuary): The fund performs an actuarial valuation as required by the regulations. The actuary also deals with interim valuations when needed and gives information and advice about a range of issues affecting the fund. These issues include dealing with new and ceasing employers, bulk transfers and regulatory changes.

Legal advice: The fund obtains legal advice from Shropshire Council as appropriate on benefits administration and investment matters. External legal advice is also obtained as and when required.

Ministry of Housing, Communities and Local Government (MHCLG): The fund communicates with the MHCLG while in consultation on proposals for change to the scheme regulations or any other legislation matters.

Trade unions or member representatives: The Fund liaises with trade unions or other member representatives to ensure that details of the LGPS availability are brought to their members' attention and assist in providing information, in circumstances such as negotiations under TUPE, to make sure, whenever possible, continued access to the LGPS. The fund works with the trade unions to check the scheme is understood by all interested parties. The fund ensures that all pension-related issues are communicated effectively with the trade unions through representation on the Pensions Committee or via member representatives on the Pensions Board.

Press & media: The fund, in conjunction with the council's communications unit, actively engages with the press and other media organisations in order to ensure clarity, facts and fair representation.

Shrewsbury Regional Pension Officer's Group (SPOG): The Shropshire County Pension Fund (SCPF) hosts the Shrewsbury Pension Officers Group which meets on a quarterly basis. The group, comprised of a number of local authority funds, discuss technical queries and legislation matters of common interest.

National working groups
The fund is involved at national level in an LGPS technical officer group, Local Government Association (LGA) communications working group and LGPS Central Strategic Administration group.

Joint working with other pension funds
To reduce costs, the fund leads on collaborative working with other pension funds. Representatives from each fund meet quarterly to discuss communications issues.

Investment Practitioner Group
The fund has an active involvement in the Investment Practitioner Group for the region where common investment issues between funds are discussed.

Software provider group: Members of the team attend user group meetings with the pensions administration software provider, to make sure the administration system can deal with regulation changes when they happen, and to discuss how the system is used on a day-to-day basis.

How communication is measured

Surveys: Surveys are issued to members periodically with various correspondences, including retirements and benefit quotes. Surveys are also published to the website and via email. This allows the fund to evaluate the service provided. Survey responses are collated and reviewed at regular intervals when running a satisfaction exercise.

Employer satisfaction survey: A survey is given to employers, periodically to allow the fund to review the service and methods of communication provided to employers. The responses are collated and used to identify any employer requirements and possible areas for improvement.

Compliments, complaints and comments
Any compliments, complaints or comments made in letter, e-mail or verbally, are recorded. The fund aims to always learn from the feedback received and to make improvements to the service.

Data Protection

Data Protection Act : The fund is required to hold and keep a record of certain information on scheme members which is needed to administer the fund. The fund is a data controller under the Data Protection Act 2018 and is required to protect the information it holds about scheme members and communicate the legal basis for holding, storing and using the information. The fund has published a summary and full privacy notice for scheme members and employers. Statements on 'how we use your data' are published on documentation supplied to scheme members.

The fund is committed to keeping member data safe and uses Shropshire Council's policies on information sharing. Pension benefits information can only be provided directly to the scheme member and cannot be requested by a third-party. Information shared with employers will only be supplied when necessary and via a secure portal or email encryption. Further information can be found in the fund's full privacy notice.

All fund officers are required to undertake annual 'Protecting Information' training.

Dealing with freedom of information requests
The Freedom of Information Act (FOI) means that members of the public and organisations have rights of access to information held by public bodies. Requests for information under the Freedom of Information Act or similar legislation should be sent to:
information.request@shropshire.gov.uk

FUND PUBLICATIONS AND COMMUNICATIONS

Communication Document	When Issued	Available To	Format	When Reviewed
Brief scheme guide	Upon notification of a new employment/ when requested	All members	Paper on request/website	Annually and as regulations change
Full scheme guide	As required	All members	Paper on request/website	Annually and as regulations change
Retirement process booklet	With retirement forms	To retiring active members	Paper/ website	Annually and as regulations change
Thinking of retiring- guide for active members	To active members when required	Active members	Website	Annually and as regulations change
Thinking of retiring- guide for deferred members	To deferred members when required	Deferred members	Website	Annually and as regulations change
Leaving before retirement booklet	As required	Prospective Deferred Members	Website	Annually and as regulations change
Topping up your pension guide	As required	Active members	Paper on request/website	Annually and as regulations change
Internal Dispute Resolution Procedure (IDRP) booklet	As required	All members and employers	Paper on request/website	Annually and as regulations change
Divorce booklet	As required	All members	Paper on request/PDF on website	Annually and as regulations change
Annual benefit statements	Annually by 31 August	Active/deferred/pension credit	Paper on request /online via My Pension Online	Annually
P60	Annually by 31 May	Pensioner members/dependents	Paper	Annually
Pensions increase notification	Annually	Pensioner members	Paper/My Pension Online	Annually
Monthly pension payment confirmation	Monthly	Pensioner members/dependents	My Pension Online	Monthly
Annual report	Annually in line with regulations	All stakeholders	Paper upon request/website	Annually
Members newsletter	As required	Active/deferred members	Paper when requested/on website	As regulations change/ when required
InTouch- pensioner newsletter	As required	Retired members	Paper/website	As required
Valuation report	Every three years	Employers/ all stakeholders	Website/overview at Annual Meeting	Every three years
Investment strategy statement	Continuously	All members/ stakeholders	Website	As required*
Governance compliance statement	Continuously	All members/ stakeholders	Website	As required*
Administration strategy statement	Continuously	Scheme employers	Website	As required*

FUND PUBLICATIONS AND COMMUNICATIONS				
Communication Document	**When Issued**	**Available To**	**Format**	**When Reviewed**
Funding strategy statement	Continuously	Employers	Website	Every three years
Reporting breaches policy	Continuously	All stakeholders	Website	As required*
Training policy	Continuously	All stakeholders	Website	As required*
Employer events policy	Continuously	All employers	Website	As required*
Communications policy statement	Continuously	All stakeholders	Website	As required*

*At least every three years

FUND MEETINGS, PRESENTATIONS AND TRAINING				
Event	**Frequency**	**Available to**	**Availability**	**Reviewed**
Annual meeting	Annually	All members/ employers/ Fund managers	Presentation/ Face-to-face/ video on website	Annually
Workplace presentations	As required	Prospective/active members	Face-to-face	As required
Induction presentations	When requested by employer	Prospective members	Face-to-face	As required
Employer meetings and training	As required	Scheme employers	Face-to-face/ webinars/videos on website	As regulations change/as required

OTHER FUND COMMUNICATIONS				
Event	**Frequency**	**Available to**	**Availability**	**Reviewed**
Website	Continually	All stakeholders	Online	Continuously
Help desk	Within office hours	All members/ employers and all other stakeholders	Face-to-face appointment/ telephone/ paper correspondence/email	N/A
Email alerts	As required, when there is a significant website update /event/ regulation change	All members/ employers	Email	As required
Pension consultations	As required	Active members	Face to face	As required
New starter letter	Monthly	Active members	Paper	As regulations change/as required
Encouraging new members campaign	When required	Prospective eligible members	When required	When required
Existence checks of pensioners living abroad	As required	Pensioner members	As required	As required
Service quality survey	Continually	Active/ deferred/ retired members	Paper/ email	As required
Employers guide including forms	As required	Employers	Website	As regulations change/ as required
Employers email bulletin	As required	Employers	Email alerts	As regulations change/ as required
Employer satisfaction survey	As required	Employers	Paper/online survey	As required

Reporting Breaches Policy Statement

Appendix
06

Agreed by Pensions Committee on 27 November 2015

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1. Introduction

1.1 This document sets out the procedures to be followed by certain persons involved with the Shropshire County Pension Fund, the Local Government Pension Scheme managed and administered by Shropshire Council, in relation to reporting breaches of the law to the Pensions Regulator.

1.2 Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

1.3 This Procedure document applies, in the main, to:

- all members of the Shropshire Pension Board;
- all officers involved in the management of the Pension Fund including members of the Treasury Team and Pensions Administration Team, and the Head of Finance, Governance3 and Assurance (Section 151 Officer);
- any professional advisers including auditors, actuaries, legal advisers and fund managers; and
- officers of employers participating in the Shropshire County Pension Fund who are responsible for Local Government Pension Scheme matters.

2. Requirements

2.1 This section clarifies the full extent of the legal requirements and to whom they apply.

2.2 Pensions Act 2004

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- a trustee or manager of an occupational or personal pension scheme;
- a member of the pension board of a public service pension scheme;
- a person who is otherwise involved in the administration of such a scheme an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme, to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:
  - **i.** a legal duty relating to the administration of the scheme has not been or is not being complied with, and
  - **ii.** the failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

2.3 The Pension Regulator's Code of Practice

Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice including in the following areas:

- implementing adequate procedures.
- judging whether a breach must be reported.
- submitting a report to The Pensions Regulator.
- whistleblowing protection and confidentiality.

2.4 Application to the Shropshire County Pension Fund

This procedure has been developed to reflect the guidance contained in The Pension Regulator's Code of Practice in relation to the Shropshire County Pension Fund and this document sets out how the Board will strive to achieve best practice through use of a formal reporting breaches procedure.

3. The Shropshire County Pension Fund Reporting Breaches Procedure

The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Shropshire County Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations,

avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

3.1 Clarification of the law

Individuals may need to refer to regulations and guidance when considering whether or not to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004: *www.legislation.gov.uk/ukpga/2004/35/contents*
- Employment Rights Act 1996: *www.legislation.gov.uk/ukpga/1996/18/contents*
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations): *www.legislation.gov.uk/uksi/2013/2734/contents/made*
- Public Service Pension Schemes Act 2013: *www.legislation.gov.uk/ukpga/2013/25/contents*
- Local Government Pension Scheme Regulations (various): *www.lgpsregs.org/timelineregs/Default.html* (pre 2014 schemes) *www.lgpsregs.org/index.php/regs-legislation* (2014 scheme)
- The Pensions Regulator's Code of Practice: *www.thepensionsregulator.gov.uk/codes/code-governance-administration-publicservice-pension-schemes.aspx*
  In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the Head of Finance Governance & Assurance (s151 Officer) and Monitoring Officer, provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

3.2 Clarification when a breach is suspected

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred. Where the individual does not know the facts or events, it will usually be appropriate to check with the Head of Finance Governance & Assurance, the Monitoring Officer, a member of the Pensions Committee or Pension Board or others who are able to explain what has happened. However there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

3.3 Determining whether the breach is likely to be of material significance

To decide whether a breach is likely to be of material significance an individual should consider the following, both separately and collectively:

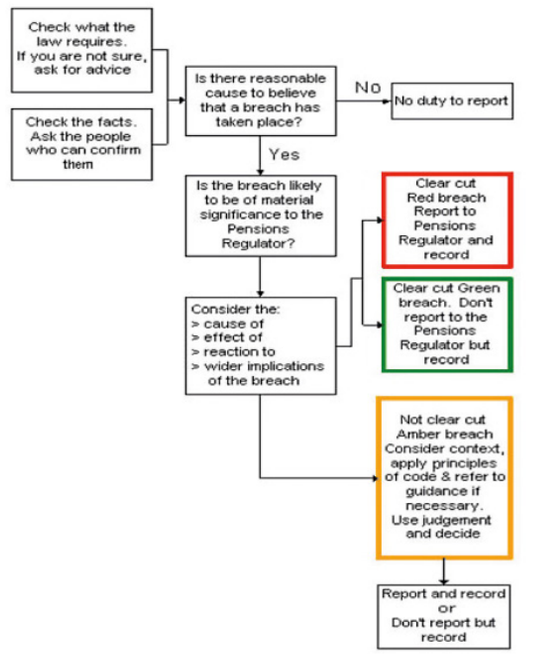
- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

Further details on the above four considerations are provided in Appendix A to this procedure.

The individual should use the traffic light framework described in Appendix B to help assess the material significance of each breach and to formally support and document their decision.

3.4 A decision tree is provided overleaf to show the process for deciding whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported.

Decision-tree: deciding whether to report



3.5 Referral to a level of seniority for a decision to be made on whether to report

Shropshire Council has a designated Monitoring Officer to ensure the Council acts and operates within the law. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to The Pensions Regulator, where appropriate. If breaches relate to late or incorrect payment of contributions or pension benefits, the matter should be highlighted to the Head of Finance Governance & Assurance or the Head of Treasury & Pensions at the earliest opportunity to ensure the matter is resolved as a matter of urgency. Individuals must bear in mind, however, that the involvement of the Monitoring Officer is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The reporter remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator.

The matter should not be referred to any of these officers if doing so will alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter to The Pensions Regulator setting out the reasons for reporting, including any uncertainty – a telephone call to the Regulator before the submission may be appropriate, particularly in more serious breaches.

3.6 Dealing with complex cases

The Head of Finance Governance & Assurance or Monitoring Officer may be able to provide guidance on particularly complex cases. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LGA Group - http://www.lgpsregs.org/). If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Board meeting.

3.7 Timescales for reporting

The Pensions Act and Pension Regulators Code require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report and nor is it necessary for a reporter to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on "reasonable cause to believe" and on "material significance" should be consistent with the speed implied by 'as soon as reasonably practicable'. In particular, the time taken should reflect the seriousness of the suspected breach.

3.8 Early identification of very serious breaches

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert The Pensions Regulator to the breach.

3.9 Recording all breaches even if they are not reported

The record of past breaches may be relevant in deciding whether to report a breach (for example

it may reveal a systemic issue). Shropshire Council will maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports to the Head of Finance Governance & Assurance. Records of unreported breaches should also be provided as soon as reasonably practicable and certainly no later than within 20 working days of the decision made not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be included in the quarterly Monitoring Report at each Pension Committee, and this will also be shared with the Pension Board.

3.10 Reporting a breach

Reports must be submitted in writing via The Pensions Regulator's online system at www.tpr.gov.uk/exchange, or by post, email or fax, and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Reporters should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- full scheme name (Shropshire County Pension Fund);
- description of breach(es);
- any relevant dates;
- name, position and contact details;
- role in connection to the scheme; and
- employer name or name of scheme manager (the latter is Shropshire Council).

If possible, reporters should also indicate:

- the reason why the breach is thought to be of material significance to The Pensions Regulator;
- scheme address (provided at the end of this procedures document);
- scheme manager contact details (provided at the end of this procedures document);
- pension scheme registry number (10051249); and
- whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

3.11 Confidentiality

If requested, The Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so. If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

3.12 Reporting to Pensions Committee and Pension Board

A report will be presented to the Pensions Committee and the Pension Board on a quarterly basis setting out:

- all breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates;
- in relation to each breach, details of what action was taken and the result of any action (where not confidential);
- any future actions for the prevention of the breach in question being repeated; and
- highlighting new breaches which have arisen in the last year/since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings). An example of the information to be included in the quarterly reports is provided in Appendix C to this procedure.

3.13 Review

This Reporting Breaches Procedure was originally developed in November 2015. It will be kept under review and updated as considered appropriate by the Head of Finance Governance & Assurance. It may be changed as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

Further Information

If you require further information about reporting breaches or this procedure, please contact:

Justin Bridges
Head of Treasury & Pensions
Email: justin.bridges@shropshire.gov.uk
Telephone: 01743 252072

Debbie Sharp
Pension Administration Manager
Email: debbie.sharp@shropshire.gov.uk
Telephone: 01743 252192

Shropshire County Pension Fund,
Shropshire Council, Shirehall, Abbey Foregate,
Shrewsbury, SY2 6ND

Designated officer contact details:
1) Head of Finance Governance & Assurance – James Walton
Email: james.walton@shropshire.gov.uk
Telephone: 01743 255011

2) Monitoring Officer – Claire Porter
Email: claire.porter@shropshire.gov.uk
Telephone: 01743 252763

Appendix A

Determining whether a breach is likely to be of material significance

To decide whether a breach is likely to be of material significance individuals should consider the following elements, both separately and collectively:

- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake.
- whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together may become materially significant.

The cause of the breach

Examples of causes which are likely to be of concern to The Pensions Regulator are provided below:

- acting, or failing to act, in deliberate contravention of the law;
- dishonesty;
- incomplete or inaccurate advice;
- poor administration, i.e. failure to implement adequate administration procedures;
- poor governance; or
- slow or inappropriate decision-making practices.

The effect of the breach

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Committee/Board members not having enough knowledge and understanding, resulting in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements.
- Conflicts of interest of Committee or Board members, resulting in them being
- prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements.

- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time.
- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement.
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Misappropriation of assets, resulting in scheme assets not being safeguarded.
- Other breaches which result in the scheme being poorly governed, managed or administered.

The reaction to the breach
A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- are not pursuing corrective action to a proper conclusion; or
- fail to notify affected scheme members where it would have been appropriate to do so.

The wider implications of the breach
Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

It is recommended that those responsible for reporting use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated next:

Appendix B

Traffic light framework for deciding whether or not to report

Red

Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance. **These must be reported to The Pensions Regulator.**

Example: Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.

Amber

Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.

Example: Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members.

Green

However the breach was caused by a system error which may have wider implications for other public service schemes using the same system. Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance. These should be recorded but do not need to be reported.

Example: A member's benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.

All breaches should be recorded even if the decision is not to report.

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together. Some useful examples of this is framework is provided by The Pensions Regulator at the following link: **www.thepensionsregulator.gov.uk/codes/code-related-notifiable-events.aspx**

Appendix C

Example Record of Breaches

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions

Training Policy Statement

Appendix

07

Agreed by Pensions Committee on December 2020

Appendices

79. Appendix 01
Governance compliance statement
91. Appendix 02
Administration strategy statement
101. Appendix 03
Funding strategy statement
123. Appendix 04
Investment strategy statement
133. Appendix 05
Communications policy statement
143. Appendix 06
Reporting breaches policy statement
151. Appendix 07
Training policy statement

Introduction

This is the Training Policy of the Shropshire County Pension Fund, which is managed and administered by Shropshire Council. The Training Policy is established to aid all to whom this Policy applies in having sufficient knowledge and understanding ensuring that all decisions, actions and other activities are carried out in an informed and appropriate way.

This means that advice and guidance from external bodies can be challenged and tested appropriately and that the Funds operational and strategic direction is in accordance with best practice and guidance. The Training Policy has the aim of ensuring that the Shropshire County Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills.

Aims and objectives

Shropshire Council recognises the importance of its role as Administering Authority to the Shropshire County Pension Fund on behalf of its stakeholders which include:

- Over 47,000 current and former members of the Fund
- Over 145 employers

In relation to training, the Administering Authority's objectives are to ensure that:

- Those persons charged with the financial management and decision-making with regard to the LGPS Fund are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them;
- Those persons responsible for the day-to-day administration and running of the Fund are appropriately equipped with the knowledge and skills required to discharge their duties and responsibilities in relation to the Fund;
- Those persons responsible for providing governance and assurance of the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, to ensure their decisions are robust and soundly based, and to manage any potential conflicts of interest

All to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

To assist in achieving these objectives, the Fund will aim to comply with:

- The Chartered Institute of Public Finance and Accountancy (CIPFA) knowledge and skills frameworks;
- Section 248a of the Pensions Act 2004 (as amended by the knowledge and skills requirements of the Public Service Pensions Act 2013;
- The Pensions Regulator's (TPR) Code of Practice No 14, Governance and Administration of Public Service Pension Schemes 2015

By adhering to a Training Policy, the Fund will be able to demonstrate a high level of governance and standards, and report against peer group Funds in the Scheme Advisory Board KPI program.

To whom this Policy applies

This Training Policy applies to all individuals that take on a decision making, scrutiny or oversight role in the Fund. This includes:

- Officers of the administering authority involved in the management and administration of the Fund
- Members of the Pension Fund committee, including scheme member and employer representatives
- Members of the pension board, including scheme member and employer representatives.

CIPFA knowledge and skills framework

The CIPFA knowledge and skills framework identifies eight areas of knowledge and skills as the core technical requirements for those working in public sector pensions finance. They are:

- Pensions legislation
- Public sector pensions governance
- Pensions administration
- Pensions accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and product knowledge
- Actuarial methods, standards and practices

JJames Walton (Director of Finance, Governance & Assurance (s151 Officer & Scheme Administrator) at Shropshire Council is the Fund's designated

named individual responsible for ensuring that this Training Policy is implemented. This is in line with principle five of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge.

Shropshire County Pension Fund Training Plan

The Fund recognises the importance of training in ensuring pension fund committee members, pension board members and officers attain, and then maintain, the relevant knowledge and skills.

The Fund's approach to training will be supportive with the intention of providing pension fund committee members, pension board members and officers with regular sessions that will contribute to their level of skills and knowledge. The Fund will develop a rolling Training Plan, which takes account of the following:

Individual training needs

A training needs analysis will be developed for committee members, pension board members and officers to identify the key areas in which training is required. This evaluation will be undertaken on an annual basis. Training on the identified areas will be provided as necessary and on an ongoing refresher basis.

Topic based training

The need for appropriately timed training in relation to current topics, such as when decisions are required in relation to complex issues or in new areas not previously considered will be provided as required.

General awareness

There is an expectation on those to which this policy applies that they should maintain a reasonable knowledge of ongoing developments and current issues and have a good level of general awareness of pension related matters appropriate for their roles.

How training will be provided

Training will be delivered through a variety of methods including:

- in-house training sessions provided by officers and/or external providers;
- virtually using webinars, online conferences and e-learning platforms
- shared training with other LGPS Funds or framework arrangements
- training at meetings (e.g. committee or pension board) provided by officers and/or external advisers;
- external training events, such as those organised by the Local Government Association (LGA), CIPFA, or Pensions and Lifetime Saving Association (PLSA)
- attendance at seminars and conferences offered by industry-wide bodies, such as those organised by the LGA, LGC Pension Investment Seminars, CIPFA, Local Authority Pension Fund Forum or PLSA
- circulation of reading material, including Fund committee reports and minutes from attendance at seminars and conferences;
- attendance at meetings and events with the Fund's investment managers and advisors
- links to on-line training such as that provided by The Pensions Regulator;
- the Funds website www.shropshirecountypensionfund.co.uk and national LGPS websites where Scheme information is available.
- fund policies and documents such as the Annual Report, Governance Compliance Statement, Administration Strategy, Funding Strategy Statement and Investment Strategy Statement.

Induction process

An evaluation will be undertaken in the form of a short self-assessment questionnaire to develop an appropriate individual training plan.

Monitoring knowledge and skills

In order to identify whether the objectives of this policy are being met, the fund will maintain a training log which records attendance at training and compare this to the Training Plan.

Key risks

The key risks to the delivery of this Policy are outlined below. The pension fund committee members, with the assistance of the Pension Board and Officers, will monitor these and other key risks and consider how to respond to them.

- Changes to the committee and/or pension board membership and/or officer's potentially diminishing knowledge and understanding.
- Poor attendance and/or a lack of engagement at training and/or formal meetings by

committee members, pension board members and/or other officers resulting in a poor standard of decision making, administration and/or monitoring.
- Insufficient resources being available to deliver or arrange the required training.
- The quality of advice or training provided not being of an acceptable standard.

Success measures

Knowledge gaps will be identified in annual assessment with success measured against the previous year and whether the knowledge gap has been fulfilled. A training log which records attendance at training throughout the year will also be kept.

Reporting

A report will be presented to the committee and the pension board on an annual basis setting out:

- the training provided/attended in the previous year at an individual level;
- commentary on how this compares to the Training Plan; and
- any actions required, such as a review of the Training Plan.

This information will also be included in the Fund's Annual Report and Accounts. The Funds committee members and pension board members will be provided with details of forthcoming seminars, conferences and other relevant training events.

Costs

Where there is a cost involved in providing the training this will be met directly by the Fund. However, training provided by Investment Managers and some of the training events are provided at no cost.

Degree of knowledge and understanding required

To ensure all individuals to whom this policy applies work towards what is required a knowledge matrix has been developed, shown below. The matrix determines the level of knowledge required of the eight core technical areas highlighted by the CIPFA guidance for officers, committee and the pension board. The core areas listed below have been identified as the key skills that lie at the core in the training for those involved in public sector pension's finance. The knowledge matrix is not exhaustive and other technical or non-pensions related skills will be identified on an individual basis within job descriptions or via annual assessment.

Knowledge Matrix

Core technical area	Officers (Job description)	Pensions Committee	Pension Board
Pensions Legislation LGPS Regulations	C	BK	C*
Public Sector Pensions Governance	C	BK	C*
Pensions Administration	E	BK	C*
Pensions Accounting and Auditing Standards	E	C	C
Financial services procurement and relationship management	E	C	BK
Investment performance and risk management	E	C	BK
Financial Markets and Product Knowledge	C	C	BK
Actuarial methods, Standards and Practices	C	C	BK

BK = Basic knowledge
C = Conversant (i.e. working knowledge)
E = Expert

***Statutory requirement (Paragraphs 34-36 of the Pensions Regulator's Code of Practice state that: A member of the Pensions Board of a public sector pension scheme must be conversant with the rules of the scheme, any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme and must also have a knowledge and understanding of the law relating)**

Further information

For further information about anything in or related to in this policy please contact:

Rebecca Clough
Communications and Governance Team Leader
Pension Services,
Shropshire County Pension Fund,
Shirehall,
Abbey Foregate,
Shrewsbury,
SY2 6ND

Telephone: 01743 254457
Email: rebecca.clough@shropshire.gov.uk

Shropshire County Pension Fund

Further Information
If you can read this but know someone who can't, please contact the Pensions Helpline so we can provide this information in a more suitable format.

Administered by:
Pension Services, Shropshire Council,
Shirehall, Abbey Foregate, Shrewsbury,
SY2 6ND

Pensions Helpline:
(01743) 252130

E-mail:
pensions@shropshire.gov.uk

Committee and Date	Item
Pensions Committee	11
17 September 2021	Public
10 am	

CLIMATE CHANGE STRATEGY & STEWARDSHIP PLAN

Responsible Officer Justin Bridges
e-mail: justin.bridges@shropshire.gov.uk Tel: (01743) 252072

1. Summary

1.1 This report seeks approval of the Fund's initial Climate Change Strategy and Stewardship Plan and approval for its publication. The Climate Change Strategy will consolidate the Fund's views, policies and approach to managing climate related investment risk into one document. It will also set out the Fund's priorities regarding engaging with companies and investment managers on this topic. The Fund is currently in the process of reviewing and setting climate change targets.

2. Recommendations

2.1 Members are asked approve the Climate Change Strategy & Stewardship Plan at Appendix A.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and there are no direct equalities issues arising from this report.

3.2 The environmental and climate change risks and opportunities are considered directly within the body of this report.

3.3 If approved, regular monitoring against the published Climate Strategy will give early warning of areas of difficulty and highlight any areas for greater consideration.

4. Financial Implications

4.1 There are no financial implications to consider in this report. Indirect implications are referenced within the body of the report and appendices.

5. Climate Change Appraisal

5.1 This report considers the approval of a Climate Change Strategy and Stewardship Plan, with details contained within the body of this report and appendices.

5.2 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.

6. Background

6.1 In July 2020, the Fund commissioned a climate risk assessment of the Fund's investment portfolio. The results of this assessment were presented to Pension Committee in September 2020. This assessment is based upon existing fund decisions and actions in the absence of an approved Climate Change Strategy and Stewardship Plan. Members received a detailed presentation from LGPS Central Ltd, which included the following key findings:

- The Fund's equity portfolio (the one area where comprehensive carbon metrics data is available), has a carbon footprint (CO2 emissions per $m of revenue generated) which is 13% below the general market as represented by the FTSE All World Index.
- In the absence of any agreed policy decision the Fund's equity portfolio nevertheless has less exposure to companies with fossil fuel reserves and to those exploiting coal reserves than the general index as a result of effective risk management considerations.
- Under the existing risk management and investment strategies, the survey also revealed the Fund has more investments with companies who use clean technology than the general market.
- The report also considered the risk and return characteristics of the Shropshire Fund's investment portfolio under various climate scenarios including an increase in global temperatures of 2, 3 and 4 degrees centigrade. Under all scenarios the review found there would be minimal impact on the expected annual investment returns for the Fund projected to 2030, again highlighting the

benefits of effective risk management unpinning the Fund's investment decisions.

6.2 Following consideration and approval by the Committee in September 2020, the Fund published a revised version of the Climate Risk Report, reformatted to comply with industry best practice as set out by the Taskforce on Climate Related financial Disclosures (TCFD). To assist scheme members and members of the public, a summary of key findings document was also published, and a media release issued to publicise the TCFD report and its key messages. At the same meeting Members reviewed the full range of recommendations contained in the Climate Risk report and agreed a programme of work to implement all recommendations one of which was to agree a separate Climate Change Strategy & Stewardship Plan.

6.3 The Climate Strategy & Stewardship Plan has been prepared in accordance with the climate risk report and Taskforce for Climate Related Disclosures (TCFD) report approved by Pension Committee in 2020.

7. Consultation and Publication

7.1 The preparation of the Statement has run in parallel with the Climate Risk Report and public TCFD Report approved by Pension Committee in December 2020. In consultation with LGPS Central and Aon, officers have prepared the Climate Strategy & Stewardship Plan. A copy of the Climate Strategy & Stewardship Plan is attached at Appendix A.

7.2 In preparing the Strategy the Administering Authority is required to consult with participating employers. All employers were sent a draft of the Climate Strategy and Stewardship plan at the start of August and asked for comments back by the 27 August 2021. Only 2 responses were received back during the consultation process and these were noted but did not require the strategy to be amended.

7.3 Members are asked to approve the Climate Strategy and Stewardship Plan. Following approval copies will be distributed electronically to employers, investment managers and independent advisors. It will also be available on the Shropshire County Pension Fund website.

8. Climate Strategy

8.1 The full draft Climate Strategy is included as an Appendix to this report. The Strategy includes a number of important policy statements, commitments:

- As a result of anthropogenic activities, the world is warming at an unsustainable rate. Already the world is approximately 1°C warmer than pre-industrial levels. Unabated, such change would be devastating for our way of life.

- We believe there is overwhelming evidence that climate change is impacting the environment. This would have long-term consequences for our financial system. We hold that the economic damages of climate change will outweigh the costs of precautionary mitigation.

- Climate change is a financially material risk for the Fund. It has the potential to impact our beneficiaries, employers, Council, and all our holdings across asset classes. Due consideration of climate risk falls within the scope of the Fund's fiduciary duty.

- Climate change has the potential to impact the funding level of the Fund through impacts on employer covenant, credit risk, asset pricing, and longer-term inflation, interest rates and demographic risk.

- The Fund strongly supports the Paris Agreement on climate change.

- We believe that a transition to a low-carbon economy is essential. This requires greenhouse gas emissions to decline to net-zero by mid-point of the century. A major part of this process will focus on the transformation of the supply and demand for energy, for example decarbonization of district heating and transportation systems.

- The Fund believes all companies should align their business activities with the Paris Agreement on climate change. It is possible for a high-emitting company to undergo this transformation and thrive in the transition to a low-carbon future.

- Investors have an important role to play in the transition to a low-carbon economy. For example, we would be less likely to realise a Paris-aligned energy transition were investors to cease influencing company behaviours.

- A global co-ordinated response is needed to limit the rise in temperatures. No individual investor is influential enough to act alone. Governments, policymakers, consumers, companies and

investors all have a role to play. Acting in collaboration will increase the likelihood of an orderly transition to a low-carbon economy.

- Climate-aware decisions can only be made with accurate, relevant, complete, and comparable data alongside appropriate expertise to draw meaningful conclusions.

8.2 The Climate Change strategy also includes a summarised version of the Fund's climate stewardship plan, setting out the engagement objectives that the Fund seeks to achieve. Key objectives include:

• More regular and detailed reporting on carbon emissions by companies.
• Transparency on funding and links to industry bodies that may work against the net zero objective.
• Full alignment of business plans with the Paris Agreement.

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8.3 The engagement objectives are underpinned by the Fund's continuing belief that businesses are capable of transforming their business model to succeed in a low carbon economy and such a transition is more likely to happen with the support and engagement of committed and engaged responsible investors.

9. Monitoring and Review

9.1 The Climate Change Strategy & Stewardship Plan is subject to an annual review.

10. Conclusions and Next Steps

10.1 The publication of the Fund's first Climate Change Strategy represents an important landmark in the Fund's evolving approach to managing climate related investment risk. The Fund will continue to work to implement all remaining recommendations in its Climate Risk report and the Committee will receive regular progress reports on all aspects of its climate related risk management approach.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
Pensions Committee, 4 December 2020, TCFD Report.

Pension Committee, 18 September 2020, Climate Risk Report

Cabinet Member N/A
Local Member N/A
Appendices A – Climate Change Strategy & Stewardship Plan

Shropshire County Pension Fund Climate Change Strategy

Introduction

Climate action failure is *the* stand-out, long-term risk the world faces in likelihood and impact according to the 2020 Global Risks Report from the World Economic Forum. If 'business as usual' continues, the world could heat up by about 5 degrees by 2100 which would cause profound societal damages and significant human harm. According to the Intergovernmental Panel on Climate Change (IPCC), GHG emissions need to fall by 45% vs 2010 levels by 2030 in order to avoid the worst effects of climate change.

As a long-term asset owner, we would like to see stable, well-functioning and sustainable markets which will foster long-term value creation and sustainable returns. Climate change cuts across industries, markets and economies and is a risk that cannot be fully diversified. How companies manage climate-related transition and physical risks and opportunities is highly likely to affect long-term profits and company returns. Likewise, Policy makers need to take into account the affect policies could have on Companies long term profits and returns. We endeavour to take a holistic approach to managing climate change risk and to act in a manner that will enable broader transition towards a low-carbon economy through a combination of portfolio construction, engagement and policy advocacy.

Shropshire County Pension Fund take a proactive view on climate change and in December 2020 published its first TCFD-aligned Report. This climate strategy document should be read in conjunction with this report, which can be found here.

About this Document

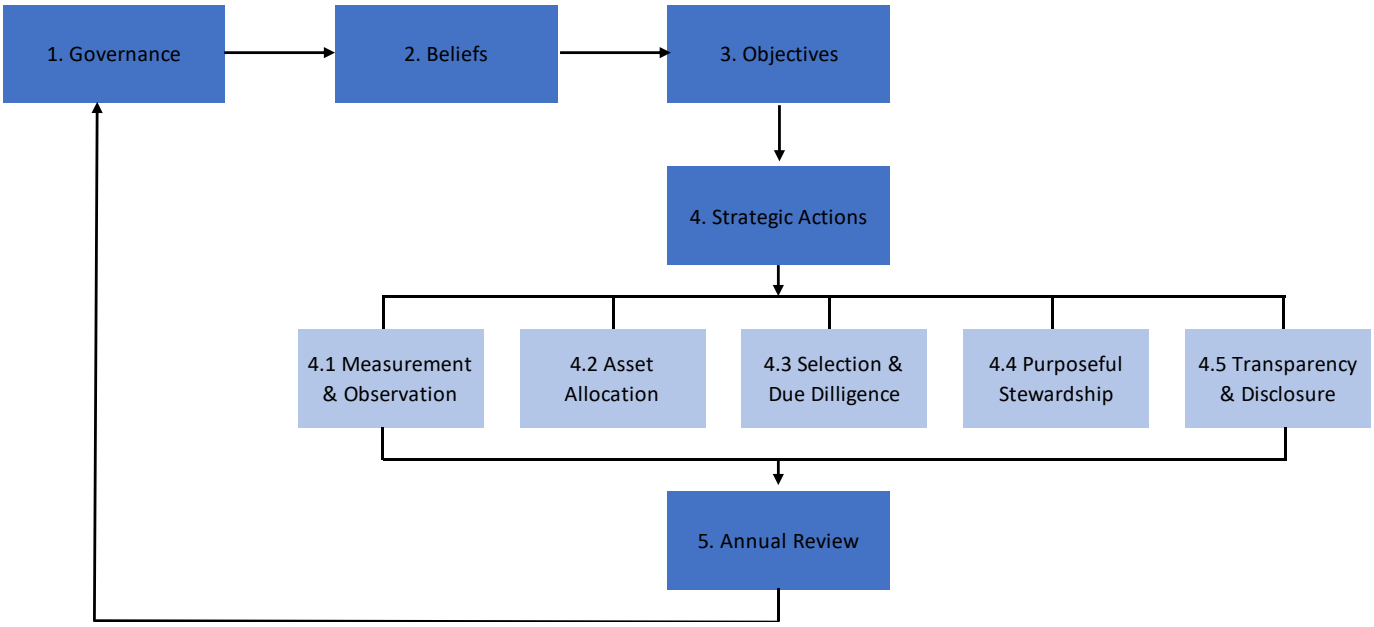
This document is Shropshire County Pension Fund's ("the Fund") *Climate Change Strategy.* The document's objective is to explain the Fund's approach to addressing the risks and opportunities related to climate change. It has been prepared in alignment with the Final Recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD"). The document is a component of the Fund's Investment Strategy.

Governance of Climate Change Risk

The Pension Fund Committee is responsible for approving the Fund's policies and procedures including the Fund's *Climate Change Strategy.* Responsibility for the implementation of the Strategy is held by Scheme Administrator and Head of Treasury & Pensions. The Pension Fund Committee will review the strategy on an annual basis and agenda time will be scheduled twice a year for discussion of progress on the strategy. The Pension Board and Pension Committee will receive regular training on responsible investing topics including climate change, with the latter receiving updates quarterly.

As a primarily externally managed Fund, the implementation of much of the management of climate-related risk is delegated onwards to portfolio managers, with oversight from the Fund Officers, and Aon, the investment consultant. Where appropriate, LGPS Central assists the Fund in assessing and managing climate-related risks.

Figure 1: Depiction of the Climate Change Strategy



Evidence-based beliefs related to climate change

1. As a result of anthropogenic activities, the world is warming at an unsustainable rate. Already the world is approximately 1°C warmer than pre-industrial levels. Unabated, such change would be devasting for our way of life.

2. We believe there is overwhelming evidence that climate change is impacting the environment. This would have long-term consequences for our financial system. We hold that the economic damages of climate change will outweigh the costs of precautionary mitigation.

3. Climate change is a financially material risk for the Fund. It has the potential to impact our beneficiaries, employers, Council, and all our holdings across asset classes. Due consideration of climate risk falls within the scope of the Fund's fiduciary duty.

4. Climate change has the potential to impact the funding level of the Fund through impacts on employer covenant, credit risk, asset pricing, and longer-term inflation, interest rates and demographic risk.

5. The Fund strongly supports the Paris Agreement on climate change.

6. We believe that a transition to a low-carbon economy is essential. This requires greenhouse gas emissions to decline to net-zero by mid-point of the century. A major part of this process will focus on the transformation of the supply and demand for energy, for example decarbonization of district heating and transportation systems.

7. The Fund believes all companies should align their business activities with the Paris Agreement on climate change. It is possible for a high-emitting company to undergo this transformation and thrive in the transition to a low-carbon future.

8. Investors have an important role to play in the transition to a low-carbon economy. For example, we would be less likely to realise a Paris-aligned energy transition were investors to cease influencing company behaviours.

9. A global co-ordinated response is needed to limit the rise in temperatures. No individual investor is influential enough to act alone. Governments, policymakers, consumers, companies and investors all have a role to play. Acting in collaboration will increase the likelihood of an orderly transition to a low-carbon economy.

10. Climate-aware decisions can only be made with accurate, relevant, complete, and comparable data alongside appropriate expertise to draw meaningful conclusions.

Objectives

Identify, understand and assess risks and opportunities

We aim to utilise the best available information and tools to identify, understand and assess climate change risks and opportunities across regions and sectors that are material to our Fund. This includes both relevant climate-related transition and physical risks and opportunities likely to impact our Investment Strategy and Funding Strategy.

Fund Resilience

We aim to ensure our investment portfolio and our Funding Strategy are resilient to climate change impacts.

To achieve climate change resilience, we aim to ensure that material short, medium- and long-term climate change considerations play an integral part in the stewardship of our investment portfolio. This includes climate change integration in the selection and due diligence, and continuous monitoring of assets.

We aim to influence investee companies and fund managers through routine engagement and voting on climate change issues.

Policy advocacy and transparency

We aim to work alongside like-minded organisations to support the ambitions of the Paris Agreement. This includes advocating for Paris-aligned regulations and policies with governments, policy makers, the investment industry and other stakeholders.

We aim to be fully transparent with our stakeholders through regular public disclosure, aligned with best practice.

Strategic Actions

1. Measurement & Observation

We will make regular measurements and observations on the climate-related risks and opportunities relating to our Fund. This includes:

- Identification of the most material climate-related risks and opportunities relevant to the Fund
- A triennial economic assessment of the Fund's asset allocation against plausible climate-related scenarios such as monitoring the likelihood of different climate scenarios, drawing on the Fund's suppliers and advisers.
- A carbon risk metrics assessment of the Fund's listed equities. This includes the following metrics; Portfolio Carbon Footprint, Fossil Fuel Exposure, Carbon Risk Management and Clean Technology. The Fund aims to expand this type of analysis to other asset classes once reliable climate-related data becomes available.

We aim to use the best available tools and techniques to analyse climate-related risks and opportunities the Fund is exposed to. We recognise that certain methodologies are in the early stages of development, including measuring Fund alignment with the Paris Agreement. As such, we will support efforts to develop credible methodologies.

Recognising the deficiency of relevant, consistent and comparable climate-related financial data, we will encourage disclosure and the adoption of the recommendations of the TCFD across our investment chain, including external managers and investee companies.

2. Asset Allocation

Where permitted by a credible evidence base, we will integrate climate change factors into reviews of our asset allocation, subject to the requirements of the Investment Strategy Statement and Funding Strategy Statement.

Like most investors, the Fund is supportive of the development of target-setting methodologies, and of the increasing completeness of carbon datasets. The Fund wishes to explore options to further manage climate-related risks and work is underway to assess options within the limitations of currently available data. As part of the continued development of the Fund's Climate Strategy, the Pensions Committee is exploring ways to reduce the Fund's carbon footprint, particularly in the listed equities portfolios.

3. Selection, Due Diligence and Monitoring

In our selection and due diligence of new funds we will assess the material climate-related risks and opportunities, alongside the manager's approach to managing climate risks.

Appointed investment managers will be regularly monitored to ensure climate-related risk is fully integrated into the investment process. The Fund will make use of the IIGCC's "addressing climate risks and opportunities in the investment process" as an aid. In addition, the Fund will:

- Discuss with our equity managers the influence of climate factors on their sector positioning
- Discuss with our real asset managers their physical risk resilience and GRESB participation

- Engage our corporate bond managers on their approach to assessing climate risk within their portfolios even when in the absence of reported GHG emissions data

Our expectations on climate risk management will be specified in investment mandates, investment management agreements and other relevant documentation.

4. Purposeful Stewardship

The Fund will develop a Climate Stewardship Plan. This will set clear goals of engagement with companies, fund managers, policy-makers and other organisations of influence. We will use stewardship techniques to manage the risks and opportunities in our investment portfolio, focusing on the risks and opportunities of greatest magnitude.

Through LGPS Central, the Fund will join collaborations of like-minded institutional investors to collectively lobby for Paris-aligned climate policies and promote engagement.

We will make will use of our voting rights and will co-file or support climate-related shareholder resolutions.

5. Transparency & Disclosure

We will prepare and disclose a TCFD report annually, which will include our carbon risk metrics.

We will report progress on the Climate Stewardship Plan to the Shropshire County Pension Fund Committee on an annual basis.

We will publish an annual summary of our voting and engagement activity.

Annual Review

This Climate Change Strategy has been established to run for 3 years from September 2021 to September 2024 but will be reviewed annually.

In light of the dynamic characteristics of climate change and the uncertainty regarding the level and speed of policy makers' response to the climate change risk spectrum, we will review this Climate Change Strategy on an annual basis.

As the Fund progresses it's focus on climate change, upon each annual review, we expect the climate strategy will be updated with more detail of specific processes and methods used to achieve the desired objectives. We cannot predict future investment returns of investments in the low carbon transition but we will consider investment options that seek competitive returns and can deliver additional societal and environmental benefit.

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Shropshire County Pension Fund Climate Stewardship Plan

1. Introduction

In August 2020 Shropshire County Pension Fund ("The Fund") received an in-depth Climate Risk Report from its pooling company, LGPS Central Limited. One of the key recommendations from this report was for the Fund to develop a Climate Stewardship Plan. The Climate Stewardship Plan identifies specific investee companies and portfolio managers in which stewardship techniques can be leveraged to further understand and manage climate-related risks within the Fund. The Climate Stewardship Plan aligns with and is supportive of the Task Force on Climate-related Financial Disclosures (TCFD) and relates to the third pillar – Risk Management.

The Climate Stewardship Plan focuses specifically on climate change and complements ongoing stewardship activities on other environmental, social and governance factors.

The Climate Stewardship Plan operates alongside the wider context, that for investments outside of LGPS Central, corporate engagements are also carried out through the appointed asset managers. The Fund invest in equities through Legal and General Investment Management (LGIM) and Majedie. The Fund also engages BMO Asset Management to carry out further engagement work with invested companies globally and is a member of the Local Authority Pension Fund Forum (LAPFF). The Fund has regular oversight of and discussions with LGIM, BMO and Majedie on their stewardship activity.

2. Scope

The Fund's Climate Risk Report included a bottom-up Carbon Risk Metrics analysis of its equity portfolios. The Carbon Risk Metrics utilised included: portfolio carbon footprint (weighted average carbon intensity), exposure to fossil fuel reserves, weight in clean technology, and carbon risk management (via the Transition Pathway Initiative). The companies recommended for engagement were identified based on the following factors:

- Perceived level of climate risk, considering carbon risk metrics
- Weight of the company in the Fund
- Ability to leverage investor partnerships

The fund managers recommended for engagement were identified based on the following factors:

- Perceived level of climate risk, considering carbon risk metrics and climate scenario analysis
- Size (by AUM) of the portfolio
- Whether the mandate is expected to be long-term

3. Climate Stewardship Plan

The Fund will monitor engagements with a focus list of nine investee companies that face a high level of climate risk and are of particular significance to the Fund's portfolio. Seven companies[1] are captured by the Climate Action 100+ (CA100+) engagement project[2], in which our pooling company LGPS Central is an active participant.

Whilst the pooling company, LGPS Central will report to the Fund on engagement activity, the Fund itself plays an active role in monitoring engagements and engaging with LGPS Central for further information if needed.

Officers meet with Investment Managers on a quarterly basis to challenge and hold them to account on the companies they hold within their portfolios which have been identified within the stewardship plan. Updates on engagement and voting activities are provided on a quarterly basis to Pension Committee as part of the Corporate Governance report.

In leveraging this investor initiative the Fund is able to engage and monitor progress for the focus list companies against a newly established CA100+ Net Zero benchmark Framework. All companies have been asked to set a 2050 net zero emissions ambition and to provide verifiable evidence of how that will be achieved in the short, medium and long-term. The first company assessments have been released by the IIGCC and the results are publicly available.

Company response and engagement progress will feed into voting decisions undertaken by the Fund. The Fund will engage these investee companies on all elements of the CA100+ framework but with particular emphasis on:

Company	Sector	Portfolio	Issue/ Objective
BP	Energy	• LGIM World Developed Equity Portfolio • Majedie: UK Equity	• Delivery on Net Zero Commitment
Duke Energy	Energy	• LGIM World Developed Equity Portfolio	• Improved carbon risk management quality (measured by TPI Score) • Better, more up to date GHG disclosure • Consistent climate policies
Glencore	Materials	• LGPS Central Global Equity Active Multi Manager Fund • LGIM World Developed Equity Portfolio	• Paris-aligned business model including Scope 3 emissions • Lobbying and trade associations
Lafargeholcim	Materials	• LGPS Central Global Equity Active Multi Manager Fund	• Paris-aligned carbon target • Continued reduction in clinker-cement ratio

[1] Ryanair and Societe Aurifere Barrick are not part of the Climate Action 100+ engagement project.

[2] Climate Action 100+ (CA100+) was initiated in December 2017 and is supported by more than 500 investors with 47 trillion USD in AUM. The project builds on a relatively simple but powerful logic: Engage and influence the highest emitters (80% of global industrial emissions) and you influence whole sectors, markets and the global economy with a view to assisting an orderly transition to a low-carbon economy.

NextEra Energy	Utilities	• LGPS Central Global Equity Active Multi Manager Fund • LGIM World Developed Equity Portfolio	• Improved carbon risk management quality (measured by TPI Score) • Better, more up to date GHG disclosure • Lobbying and trade associations
Ryanair	Industrials	• Majedie: UK Equity	• Alignment of Net Carbon Footprint with the Paris Agreement
Royal Dutch Shell	Energy	• LGIM World Developed Equity Portfolio • Majedie: UK Equity	• Alignment of Net Carbon footprint with the Paris Agreement
Societe Aurifere Barrick	Mining	• Majedie: UK Equity	• Public support of the Paris Agreement • Paris aligned carbon targets
The Southern Company	Utilities	• LGIM World Developed Equity Portfolio	• Integration of climate risk into the company's long-term business model • Reduction targets in line with a 2-degree scenario

The Fund will monitor identified investment managers to ensure climate-related risk is fully integrated into their investment processes. The Fund will engage its managers on the following issues:

Asset Class	Topic
Equities	• Stewardship activities with companies identified in the Climate Risk Report • The influence of climate factors on sector positioning
Fixed Income	• Approach to assessing climate risk in the absence of reported GHG emissions data • Engagement with the most intensive carbon issuers • Extent of investment in green bonds
Real Assets	• Physical risk resilience • GRESB participation

4. Timeline

The Climate Stewardship Plan sets stewardship objectives over several years, and the Fund will report on progress annually through its public facing Climate Risk Report. The first progress update is expected in Q4 2021. During the annual refresh of the Carbon Risk Metrics analysis, the focus list of investee companies and Fund Managers will be reviewed and amended if required.

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Committee and Date	Item
Pensions Committee	12
17 September 2021	Public
10.00am	

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 second 1st April 2021 to 30th June 2021.

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 also 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, Legal & General, Aon 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. The table below is a reminder of 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

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	Presentation from LGPS Central	Recommendations within report agreed. Media release agreed and scheme employers updated. Documents uploaded onto

				SCPF website for all Stakeholders.
		Responsible Engagement	Presentation from BMO Global Asset Management (Funds engagement manager)	Pros/cons of engagement v divestment. Case studies on effectiveness.
		How Majedie integrate ESG into their Investment process	Presentation from Majedie (UK Equity Manager)	Discussions on why certain stocks highlighted in the TCFD report are held within the portfolio.
		Corporate Governance Monitoring Report	Update on manager voting and engagement activities	Quarterly update on Corporate Governance Issues
5 March 2021	Pension Cttee	Investment Stewardship	Presentation from Legal & General (Global Equity manager)	Pros/cons of engagement v divestment. Case studies on effectiveness.
		Corporate Governance Monitoring Report	Update on manager voting and engagement activities	Quarterly update on Corporate Governance Issues
25 June 2021	Pension Cttee	Begin Implementation of revised Investment	Presentation from Aon on Investment	Sustainable Equities, Climate Factor funds and low carbon equity

		Strategy now agreed. Corporate Governance Monitoring Report	Strategy implementation Update on manager voting and engagement activities	funds being considered. Quarterly update on Corporate Governance Issues
17 Sept 2021	Pension Cttee	SCPF Climate Strategy/Climate Stewardship Plan	Presentations from LGPS Central on Climate Strategy and general Responsible Investment training on climate related/ESG issues & Aon on setting carbon reduction targets	
26 Nov 2021	Pension Cttee	**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

Corporate Governance Monitoring report, Pensions Committee 5 March 2021

Corporate Governance Monitoring report, Pensions Committee 25 June 2021

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.

The summaries below are based on our internal research and analysis through engaging with each company on what we consider to be their material issues. The information has been included to evidence our ESG integration process. In each case, it is our view being presented and the information should not be relied upon.

The resiliency scores of "high", "average" or "low" provide a simplified indication of the more detailed scoring system we apply as part of our investment process.

The conviction scores provide a general indication of any changes in the absolute conviction levels we have in a particular holding. We use a sliding absolute scale in our investment process and scores of "higher" or "lower" in this report do not necessarily translate to "high" or "low" absolute conviction scores. The changes noted in this report reflect a change in conviction based on the recent quarter, which might not result in a change in weighting, especially if we expect further progress on engagement issues.

HomeServe

We met with HomeServe, a provider of home emergency repair services, in May 2021.

Investment rationale

HomeServe sells subscription-based home assistance products to homeowners (mainly in plumbing, heating and electricals). We see potential in this group in that its core membership business should grow significantly as it establishes further utility partnerships in America; there is incremental margin opportunity in its core business; and the group's Home Experts business (Checkatrade and eLocal) has the scope to become a home improvement platform linking what is currently a fragmented connection between supply and demand between consumers and traders. Checkatrade is now three times the size of its nearest competitor with material scope to generate network effects.

Areas of engagement	Potential impacts
Insurance price setting	Social
More equitable treatment / services to traders on the group's platform	Social

Objectives of engagement

- To understand how the group's Home Experts division will reach profitability
- To understand the growth trade-off between mature and growing markets

Key issues and discussion

1. **Stabilisation of the UK membership business (which has been gradually reducing in size)**
    - During the quarter, we engaged HomeServe on the various options for customer acquisition. Historically, customer acquisition has been primarily through water utilities but is now expanding to energy utilities and direct to consumer (DTC) from the group's website. Our engagements have enabled us to have a better understanding of the marketing choices the group is making on a global basis, why the group is allocating resource to other countries, and why the group has allowed its UK business to experience natural attrition, especially since the UK is the group's most mature market where HomeServe has concentrated marketing. The group is now getting a better return on its marketing by focusing its marketing budget on other countries where few people have seen membership offers.
2. **Scaling of Checkatrade platform and the path to profitability for Home Experts**

- We discussed the support that HomeServe offers its tradespeople. HomeServe provided free subscriptions to its tradespeople to help preserve the number of specialists on the platform, particularly during the pandemic. The group also plans to grow its platform by using TV, play-per-click and freemium, whereby traders can include some of their details on the platform and get limited free referrals. These steps have helped boost confidence in the group's profitability over the next 12 months.

3. **Growth of US business where the business has an opportunity for penetration**
    - The group's US business seemed to stall at its half year (November 20) but has since established new partners and resumed marketing accelerating business in the second half of the year. We discussed the group's strategy for reaching more utility (affinity) partners as well as the metrics (KPIs) by which the group plans to measure the effectiveness of acquiring partners and growing memberships. There is a long runway for growth in these areas.

Our requests: N/A

Outcomes

- Following our engagement, HomeServe will consider if there are more relevant KPIs it should publish for its US business
- In terms of providing better assistance to its tradespeople, HomeServe is also working on an algorithm that distributes needs more widely and equitably to the traders on its platform

Escalated issue(s): None

Any impacts on proxy voting: No

Resiliency: Average

HomeServe is essentially a platform business linking third party trades, insurance, and utility providers with end consumers around a service (repair) model, utilising branded, original equipment manufacturer components. One potential area of concern is the fact that insurance pricing practices are to set low initial premiums (which are loss-making) followed by price rises after the initial year. The FCA is currently investigating this practice across the insurance industry. HomeServe has been previously fined (in 2014) for this practice and has responded by simplifying its pricing structures.

Conviction: Unchanged during the quarter

We have high conviction in the group's core business which has a long track record of execution through all economic environments. While the profitability of HomeExpert is less certain, management have allocated significant capital to the venture. Whether or not the HomeExpert business succeeds will lie in the number of paying traders the group manages to acquire on the platform.

Daily Mail and General Trust (DMGT)

We met with the CEO, FD & Investor Relations (IR) at DMGT, the multi-national media company, in June 2021 as well as dialogue with IR over the quarter.

Investment rationale

DMGT is a media conglomerate of well-invested and predominantly digital private businesses where we believe the sum of the parts significantly exceeds the stock market valuation of the group. There is a focus on highly attractive data and information assets - notably RMS Insurance Risk modelling software is attractive. Investors have wrongly focused on the structural decline of the printed newspapers, but the digital equivalent is now making a material profit contribution. Evidence from the disposals of Genscape & Hobsons validates the inherent value within DMGT. The key value drivers are the group's 20% stake in Cazoo - listing in the US in July21; RMS, which could be worth more than the value of DMGT in 2-3 years' time; Trepp, which provides data for the commercial

property market; and particularly Landmark, a data/services platform for housing transaction market. All have huge potential to grow. We expect stronger sales growth after a period of investment which will lead to a re-appraisal of DMGT's valuation.

Areas of engagement	Potential impacts
Requested employee engagement and staff turnover numbers (for RMS)	Social
Plans for capital allocation	Social

Objectives of engagement

- To discuss the group's capital allocation, particularly, whether management is likely to invest the cash at a time of high valuations of digital assets or if the cash will be returned to shareholders
- To understand progress on the group's property information business, Landmark, which is launching a portal to speed up residential property transactions
- To gauge the reception from RMS customers of the new tech platform and its functionality. Are they more or less confident that growth will accelerate from October 2021
- To assess whether RMS employees are unhappy with changes made in recent years and is there a risk of a drain of talent in the business

Key issues and discussion

1. **Potential further capital destruction in developing next generation software assets within RMS, which fail to make a return**
    - We engaged DMGT on the risk around the progress of the new tech platform. The group points to clear evidence that customers are embracing the new platform which is functioning well and giving customers comfort in buying new modules from RMS. They continue to see a steady acceleration of revenue growth from Q4 21.
2. **After significant historic capital misallocation by the group's previous management, the new strategy might not succeed**
    - DMGT is like a private equity or venture capital business. Over the last 2-3 years, it is clear that the new management has developed a more focused strategy and been proactive with and invested behind the businesses in which it invests. We engaged the group on investing surplus cash at high valuations risking the destruction of capital. Management was keen to stress they are in no hurry to invest and they have been demonstrating in recent years effective deployment of capital into its various businesses and selling assets at good prices. The group wishes to invest in interesting businesses counter-cyclically and will be opportunistic, citing the recent acquisition of *New Scientist.*
3. **The next generation software platform could address a broader market than the current Catastrophe Risk insurance market it currently reaches, pointing to incremental high margin growth**
    - The group is starting to see evidence that their next generation solutions are effectively addressing a broader market. DMGT is breaking into new markets, modelling catastrophes around the world, and assessing the risks inherent across businesses and countries (e.g., supply chain or cyber risks) thereby increasing the size of its addressable market.

Our requests

- We requested a call with the CEO of RMS direct and details of staff turnover, requests that they have so far not met.

Outcomes: N/A

Escalated issue(s): None

Any impacts on proxy voting: No

Resiliency score: Above average

DMGT operates a capital light, intellectual property rich model offering solutions designed to improve outcomes in fields including education, insurance, and buildings/environment. The group's 10-year LTIP will pay out on a pro rata basis if there is a change in control, which is more positive than expected. Governance continues to be an area of potential concern, given the Rothermere shareholding and control over voting rights. There has also been a lack of transparency in the past, but this is improving.

Conviction score: Unchanged during the quarter

DMGT has made significant progress simplifying its business with the disposals of Genscape, Hobsons, the distribution of Euromoney, and the sale of various smaller property information assets. It has also refreshed the management team at RMS (by replacing the founder). While its turnaround plan is coherent, we do not yet possess operational data/trends to suggest the transformation will be successful, although management's confidence levels have increased and we should start to see evidence of the turnaround by end 2021. Cazoo listing in the US also provides material valuation support and a catalyst for the shares.

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	88	
Number of resolutions	1,392	
Where we voted in line with Management	1,345	96.6
Where we have not voted in line with Management	47	3.4

Source: Majedie, ISS (Institutional Shareholder Services)

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

CATEGORY	AGAINST MANAGEMENT	ABSTAIN
Antitakeover Related	0	0
Capitalization	0	0
Directors Related	9	1
Miscellaneous	0	0
Non-Salary Comp.	10	0
Reorg. and Mergers	0	0
Routine/Business	27	0
Total	46	1

Sources: Majedie, ISS (Institutional Shareholder Services)

VOTING RECORD DETAILS

SECURITY NAME	MEETING DATE	MEETING TYPE	MAJEDIE VOTE
4IMPRINT GROUP	18 May 2021	AGM	Voted for all
ACCSYS TECHNOLOGIES	25 May 2021	EGM	Voted for all
ADVANCED MEDICAL SOLUTIONS	08 Jun 2021	AGM	Voted for all
ANGLO AMERICAN	05 May 2021	EGM	Voted for all
ANGLO AMERICAN	05 May 2021	Court	Voted for all
ANGLO AMERICAN	05 May 2021	AGM	Voted for all
ASCENTIAL	06 May 2021	AGM	Against Resolution 18
ASTRAZENECA	11 May 2021	EGM	Voted for all
ASTRAZENECA	11 May 2021	AGM	Against Resolutions 7, 8, 14
BAE SYSTEMS	06 May 2021	AGM	Against Resolution 18
BARCLAYS	05 May 2021	AGM	Against Resolutions 17, 29
BARRICK GOLD	04 May 2021	AGM/EGM	Voted for all
BOKU	19 May 2021	AGM	Against Resolution 5
BOOHOO GROUP	18 Jun 2021	AGM	Against Resolution 10
CAIRN ENERGY	11 May 2021	AGM	Against Resolution 2
CENTRAL ASIA METALS	21 May 2021	AGM	Voted for all
CENTRALNIC	03 Jun 2021	AGM	Against Resolution 4
CENTRICA	10 May 2021	AGM	Against Resolution 14
CERES POWER HOLDINGS	17 Jun 2021	AGM	Voted for all
CITY PUB GROUP	28 Jun 2021	AGM	Against Resolution 7
CONVATEC	07 May 2021	AGM	Against Resolution 16
DIRECT LINE INSURANCE	13 May 2021	AGM	Against Resolution 15
DOMINO'S PIZZA	22 Apr 2021	AGM	Against Resolution 18
EBAY	15 Jun 2021	AGM	Against Resolution 4
ELIXIRR INTERNATIONAL	16 Jun 2021	AGM	Against Resolution 12
EMIS GROUP	06 May 2021	AGM	Against Resolution 14
EQUIFAX	06 May 2021	AGM	Voted for all
ESSENTRA	20 May 2021	AGM	Voted for all
ETSY	11 Jun 2021	AGM	Voted for all
FEVERTREE DRINKS	20 May 2021	AGM	Voted for all
FIRSTGROUP	27 May 2021	EGM	Voted for all
FULLER SMITH & TURNER	20 Apr 2021	EGM	Voted for all (Resolution 1)
FULLER SMITH & TURNER	20 Apr 2021	EGM	Voted for all (Resolutions 1 and 2)
GAMMA COMMUNICATIONS	20 May 2021	AGM	Abstain on Resolution 11
GLOBALDATA	20 Apr 2021	AGM	Against Resolutions 1, 7
GREGGS	14 May 2021	AGM	Voted for all
GRESHAM COMPUTING	10 May 2021	AGM	Voted for all
GRESHAM COMPUTING	21 Jun 2021	EGM	Voted for all
GRESHAM HOUSE	12 May 2021	AGM	Voted for all
HILL AND SMITH HLDGS	25 May 2021	AGM	Against Resolution 18
HILTON FOOD	24 May 2021	AGM	Voted for all
HSBC	28 May 2021	AGM	Against Resolutions 6, 16
INSTEM	27 May 2021	AGM	Voted for all

SECURITY NAME	MEETING DATE	MEETING TYPE	MAJEDIE VOTE
JTC	26 May 2021	AGM	Voted for all
JUDGES SCIENTIFIC	26 May 2021	AGM	Voted for all
KONINKLIJKE KPN	14 Apr 2021	AGM	Voted for all
LEGAL & GENERAL	20 May 2021	AGM	Against Resolution 18
LONDON STOCK EXCHANGE	28 Apr 2021	AGM	Against Resolutions 3, 19
MARLOWE HOLDINGS	25 May 2021	EGM	Voted for all
MARSHALLS	12 May 2021	AGM	Voted for all
MATTIOLI WOODS	16 Jun 2021	EGM	Voted for all
MEARS GROUP	29 Jun 2021	AGM	Voted for all
MONDI	06 May 2021	AGM	Voted for all
NATWEST	28 Apr 2021	AGM	Against Resolution 23
NEWMONT GOLDCORP	28 Apr 2021	AGM	Voted for all
NEXT	20 May 2021	AGM	Voted for all
NEXT FIFTEEN COMMUNICATIONS	24 Jun 2021	AGM	Against Resolution 10
NXP SEMICONDUCTORS	26 May 2021	AGM	Against Resolutions 3b, 3g, 3h, 3l, 9
PHILIPS ELECTRS (KON.)	06 May 2021	AGM	Voted for all
POLYPIPE	20 May 2021	AGM	Voted for all
PORVAIR	20 Apr 2021	AGM	Voted for all
RECKITT BENCKISER	28 May 2021	AGM	Against Resolution 18
RELX	22 Apr 2021	AGM	Voted for all
RESTORE	27 May 2021	AGM	Voted for all
RIO TINTO	09 Apr 2021	AGM	Against Resolutions 3, 4, 5, 16
ROYAL DUTCH SHELL	18 May 2021	AGM	Against Resolution 21
SERCO	21 Apr 2021	AGM	Against Resolution 19
SMITH AND NEPHEW	14 Apr 2021	AGM	Voted for all
SPIRENT COMMUNICATIONS	28 Apr 2021	AGM	Voted for all
ST MODWEN PROPERTIES	01 Apr 2021	AGM	Voted for all
ST. JAMES'S PLACE	14 May 2021	AGM	Voted for all
STANDARD CHARTERED	12 May 2021	AGM	Against Resolution 19
STRIX GROUP	27 May 2021	AGM	Voted for all
STV GROUP	29 Apr 2021	AGM	Voted for all
SUMO GROUP	17 Jun 2021	AGM	Against Resolution 11
TAYLOR WIMPEY	22 Apr 2021	AGM	Against Resolution 20
TEAM17 GROUP PLC	10 Jun 2021	AGM	Voted for all
TESCO	25 Jun 2021	AGM	Against Resolution 24
TOTAL	28 May 2021	AGM/EGM	Voted for all
TT ELECTRONICS	13 May 2021	AGM	Against Resolution 12
UNILEVER	05 May 2021	AGM	Against Resolution 18
VECTURA GROUP	27 May 2021	EGM	Voted for all
VECTURA GROUP	27 May 2021	AGM	Against Resolution 13
WEIR GROUP	29 Apr 2021	AGM	Voted for all
WM MORRISON	10 Jun 2021	AGM	Against Resolution 15
WPP	09 Jun 2021	AGM	Voted for all

SECURITY NAME	MEETING DATE	MEETING TYPE	MAJEDIE VOTE
XP POWER	20 Apr 2021	AGM	Voted for all
ZOTEFOAMS	26 May 2021	AGM	Voted for all

Source: Majedie

LGPS Central - ACS

EOS at Federated Hermes

Engagement by region

Over the last quarter we engaged with **561** companies held in the LGPS Central - ACS portfolios on a range of **1,496** environmental, social and governance issues and objectives.

Global

We engaged with **561** companies over the last quarter.

- Environmental **27.3%**
- Social and Ethical **17.4%**
- Governance **43.8%**
- Strategy, Risk and Communication **11.4%**

Australia & New Zealand

We engaged with **12** companies over the last quarter.

- Environmental **64.7%**
- Governance **23.5%**
- Strategy, Risk and Communication **11.8%**

Developed Asia

We engaged with **76** companies over the last quarter.

- Environmental **36.2%**
- Social and Ethical **18.4%**
- Governance **39.3%**
- Strategy, Risk and Communication **6.1%**

Emerging & Developing Markets

We engaged with **79** companies over the last quarter.

- Environmental **34.7%**
- Social and Ethical **10.4%**
- Governance **42.8%**
- Strategy, Risk and Communication **12.1%**

Europe

We engaged with **120** companies over the last quarter.

- Environmental **26.9%**
- Social and Ethical **14.8%**
- Governance **45.1%**
- Strategy, Risk and Communication **13.1%**

North America

We engaged with **218** companies over the last quarter.

- Environmental **21.5%**
- Social and Ethical **19.6%**
- Governance **47.0%**
- Strategy, Risk and Communication **11.8%**

United Kingdom

We engaged with **56** companies over the last quarter.

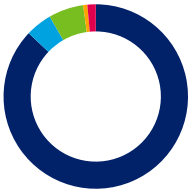
- Environmental **29.2%**
- Social and Ethical **22.1%**
- Governance **36.4%**
- Strategy, Risk and Communication **12.3%**

Engagement by theme

Over the last quarter we engaged with **561** companies held in the LGPS Central - ACS portfolios on a range of **1,496** environmental, social and governance issues and objectives.

Environmental

Environmental topics featured in **27.3%** of our engagements over the last quarter.



- Climate Change **87.0%**
- Forestry and Land Use **4.6%**
- Pollution and Waste Management **6.1%**
- Supply Chain Management **0.7%**
- Water **1.5%**

Social and Ethical

Social and Ethical topics featured in **17.4%** of our engagements over the last quarter.

- Bribery and Corruption **1.9%**
- Conduct and Culture **11.5%**
- Diversity **26.4%**
- Human Capital Management **21.5%**
- Human Rights **34.1%**
- Labour Rights **4.6%**

Governance

Governance topics featured in **43.8%** of our engagements over the last quarter.

- Board Diversity, Skills and Experience **22.9%**
- Board Independence **13.3%**
- Executive Remuneration **47.8%**
- Shareholder Protection and Rights **13.4%**
- Succession Planning **2.6%**

Strategy, Risk and Communication

Strategy, Risk and Communication topics featured in **11.4%** of our engagements over the last quarter.

- Audit and Accounting **9.4%**
- Business Strategy **36.3%**
- Cyber Security **2.3%**
- Integrated Reporting and Other Disclosure **24.6%**
- Risk Management **27.5%**

LGPS Central Limited

Federated Hermes EOS

Voting Report, Q2 2021

LGPS Central - ACS

EOS at Federated Hermes

Over the last quarter we made voting recommendations at **1,981** meetings (**27,434** resolutions). At **1,342** meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at **85** meetings and abstaining at **six** meetings. We supported management on all resolutions at the remaining **548** meetings.

Global

We made voting recommendations at **1,981** meetings (**27,434** resolutions) over the last quarter.

- Total meetings in favour **27.7%**
- Meetings against (or against AND abstain) **67.7%**
- Meetings abstained **0.3%**
- Meetings with management by exception **4.3%**

Australia and New Zealand

We made voting recommendations at **23** meetings (**130** resolutions) over the last quarter.

- Total meetings in favour **21.7%**
- Meetings against (or against AND abstain) **73.9%**
- Meetings with management by exception **4.3%**

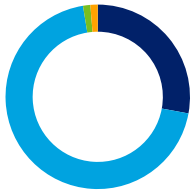
Developed Asia

We made voting recommendations at **529** meetings (**6,125** resolutions) over the last quarter.

- Total meetings in favour **39.7%**
- Meetings against (or against AND abstain) **57.7%**
- Meetings with management by exception **2.6%**

Emerging and Frontier Markets

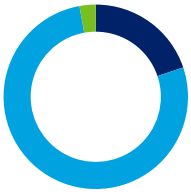
We made voting recommendations at **312** meetings (**3,889** resolutions) over the last quarter.



- Total meetings in favour **27.9%**
- Meetings against (or against AND abstain) **69.6%**
- Meetings abstained **1.3%**
- Meetings with management by exception **1.3%**

Europe

We made voting recommendations at **388** meetings (**7,108** resolutions) over the last quarter.



- Total meetings in favour **19.8%**
- Meetings against (or against AND abstain) **77.3%**
- Meetings with management by exception **2.8%**

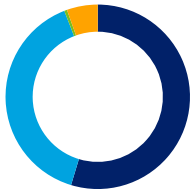
North America

We made voting recommendations at **526** meetings (**6,528** resolutions) over the last quarter.

- Total meetings in favour **11.0%**
- Meetings against (or against AND abstain) **80.4%**
- Meetings abstained **0.2%**
- Meetings with management by exception **8.4%**

United Kingdom

We made voting recommendations at **203** meetings (**3,654** resolutions) over the last quarter.

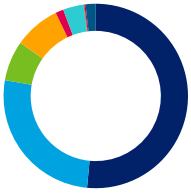


- Total meetings in favour **54.7%**
- Meetings against (or against AND abstain) **39.4%**
- Meetings abstained **0.5%**
- Meetings with management by exception **5.4%**

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

Global

We recommended voting against or abstaining on **4,129** resolutions over the last quarter.



- Board structure **51.5%**
- Remuneration **26.2%**
- Shareholder resolution **7.0%**
- Capital structure and dividends **8.1%**
- Amend articles **1.4%**
- Audit and accounts **3.6%**
- Investment/M&A **0.1%**
- Poison pill/Anti-takeover device **0.2%**
- Other **1.8%**

Australia and New Zealand

We recommended voting against or abstaining on **43** resolutions over the last quarter.

- Board structure **18.6%**
- Remuneration **62.8%**
- Shareholder resolution **7.0%**
- Capital structure and dividends **4.7%**
- Amend articles **4.7%**
- Audit and accounts **2.3%**

Developed Asia

We recommended voting against or abstaining on **757** resolutions over the last quarter.

- Board structure **75.0%**
- Remuneration **7.0%**
- Shareholder resolution **2.4%**
- Capital structure and dividends **8.3%**
- Amend articles **0.7%**
- Audit and accounts **5.8%**
- Poison pill/Anti-takeover device **0.8%**

Emerging and Frontier Markets

We recommended voting against or abstaining on **894** resolutions over the last quarter.

- Board structure **59.7%**
- Remuneration **9.4%**
- Shareholder resolution **2.6%**
- Capital structure and dividends **15.9%**
- Amend articles **3.4%**
- Audit and accounts **5.6%**
- Investment/M&A **0.7%**
- Other **2.8%**

Europe

We recommended voting against or abstaining on **1,076** resolutions over the last quarter.

- Board structure **34.4%**
- Remuneration **41.0%**
- Shareholder resolution **2.9%**
- Capital structure and dividends **11.3%**
- Amend articles **1.3%**
- Audit and accounts **4.7%**
- Poison pill/Anti-takeover device **0.2%**
- Other **4.2%**

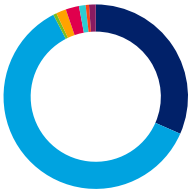
North America

We recommended voting against or abstaining on **1,188** resolutions over the last quarter.

- Board structure **49.9%**
- Remuneration **31.5%**
- Shareholder resolution **18.0%**
- Capital structure and dividends **0.2%**
- Amend articles **0.3%**
- Audit and accounts **0.1%**
- Other **0.1%**

United Kingdom

We recommended voting against or abstaining on **171** resolutions over the last quarter.



- Board structure **31.6%**
- Remuneration **60.8%**
- Shareholder resolution **0.6%**
- Capital structure and dividends **1.8%**
- Amend articles **2.3%**
- Audit and accounts **1.2%**
- Poison pill/Anti-takeover device **0.6%**
- Other **1.2%**

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
28/04/2021	Hong Kong Exchanges & Clearing Ltd.	Annual	Against	2c	Overboarded/Too many other time commitments
30/04/2021	Hang Lung Group Limited	Annual	Against	3a 6,7	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
30/04/2021	Hang Lung Properties Ltd.	Annual	Against	3a 6,7	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
06/05/2021	The Bank of East Asia, Limited	Annual	Against	3c,3d 5 4 7 3a	Concerns related to approach to board gender diversity Insufficient/poor disclosure Insufficient/poor disclosureApparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholdersInsufficient/poor disclosure Overboarded/Too many other time commitments
07/05/2021	PCCW Limited	Annual	Against	8 5,7 3b	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitmentsConcerns related to approach to board gender diversityConcerns related to inappropriate membership of committees
11/05/2021	Swire Properties Ltd.	Annual	Against	4 1b	Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board
11/05/2021	The Wharf (Holdings) Ltd.	Annual	Against	2f 2b 5,6	Concerns related to attendance at board or committee meetings Concerns related to succession planning Issue of equity raises concerns about excessive dilution of existing shareholders
12/05/2021	Cathay Pacific Airways Limited	Annual	Against	4 1a,1b,1c,1d,1e	Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board
12/05/2021	Power Assets Holdings Limited	Annual	Against	3b 3d	Concerns related to approach to board gender diversity Overboarded/Too many other time commitments
13/05/2021	Galaxy Entertainment Group Limited	Annual	Against	5 2.1 2.3 4.2,4.3	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Concerns related to succession planning Issue of equity raises concerns about excessive dilution of existing shareholders
13/05/2021	Swire Pacific Limited	Annual	Against	1a,1d 1b 4	Concerns about overall board structure Concerns related to board gender diversity Issue of capital raises concerns about excessive dilution of existing shareholders
14/05/2021	CLP Holdings Ltd.	Annual	All For		
14/05/2021	Techtronic Industries Co., Ltd.	Annual	All For		
17/05/2021	BOC Hong Kong (Holdings) Limited	Annual	Against	3b 5,7	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
18/05/2021	China Resources Beer (Holdings) Co. Ltd.	Annual	Against	3.2 6,7 3.3	Concerns related to approach to board gender diversityConcerns about overall board structure Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitments
18/05/2021	CSPC Pharmaceutical Group Ltd.	Annual	Against	7 4 3a1	Apparent failure to link pay and appropriate performance Concerns related to Non-audit fees Concerns related to approach to board gender diversityCombined CEO/Chairman
20/05/2021	AIA Group Limited	Annual	Against	4	Concerns related to board gender diversity
20/05/2021	Champion Real Estate Investment Trust	Annual	Against	4	Overboarded/Too many other time commitments
20/05/2021	Champion Real Estate Investment Trust	Special	All For		
20/05/2021	MMG Ltd.	Annual	Against	2b,2c 5,7	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
21/05/2021	CNOOC Limited	Annual	Against	B2,B3	

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
21/05/2021	Hysan Development Co., Ltd.	Annual	All For		
24/05/2021	Guotai Junan International Holdings Limited	Annual	Against	3.3,3.4 6A,6C	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
26/05/2021	Hang Seng Bank Ltd.	Annual	Against	2d 5	Concerns related to attendance at board or committee meetings Issue of equity raises concerns about excessive dilution of existing shareholders
26/05/2021	MTR Corporation Limited	Annual	All For		
27/05/2021	China Travel International Investment Hong Kong Lir	Annual	Against	2e 2c 5,6	Concerns related to approach to board gender diversity Concerns related to attendance at board or committee meetings Issue of equity raises concerns about excessive dilution of existing shareholders
28/05/2021	SJM Holdings Limited	Annual	Against	6 2.3	Apparent failure to link pay and appropriate performance Lack of independence on board
01/06/2021	Henderson Land Development Co. Ltd.	Annual	Against	3.1 3.5 5B,5C	Concerns related to approach to board gender diversity Concerns related to approach to board gender diversityConcerns related to succession planning Issue of equity raises concerns about excessive dilution of existing shareholders
01/06/2021	Shun Tak Holdings Limited	Annual	Against	1 6,7	Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
02/06/2021	Dah Sing Banking Group Ltd.	Annual	Against	6,7	Issue of equity raises concerns about excessive dilution of existing shareholders
02/06/2021	Dah Sing Financial Holdings Limited	Annual	Against	3b 9 6,8	Concerns related to approach to board gender diversityConcerns related to succession planning Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
02/06/2021	Hong Kong & China Gas Co. Ltd.	Annual	Against	3.1 5.3,5.4 3.3,3.4	Concerns related to approach to board gender diversityLack of independence on board Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board
03/06/2021	Fosun International Limited	Annual	Against	8,9a,9b,9c,9d,9e,9f,9g,9h,9i, 9j,9k,9l,9m,9n,9o,9p,9q,9r,9 s,9t,9u,9v,9w,9x 3d 6,7 3c	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board 2- Lack of independent representation at board committees
04/06/2021	Melco International Development Limited	Annual	Against	3 2a3 2a2 6 5.1,5.2	Concerns related to Non-audit fees Concerns related to approach to board gender diversity Concerns related to succession planningConcerns related to Non-audit fees Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
08/06/2021	China Jinmao Holdings Group Limited	Annual	Against	3E 7,8	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
08/06/2021	China Taiping Insurance Holdings Co., Ltd.	Annual	Against	3a1 5,7 3a5	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitments
09/06/2021	CITIC Limited	Annual	Against	9 12	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
22/06/2021	China Overseas Land & Investment Ltd.	Annual	Against	3d,7,8	
22/06/2021	Guangdong Investment Limited	Annual	Against	3.5 5	Concerns related to approach to board gender diversityConcerns related to succession planning Insufficient/poor disclosure
16/04/2021	Mori Hills REIT Investment Corp.	Special	All For		
27/04/2021	Sekisui House, Ltd.	Annual	All For		
13/05/2021	Nitori Holdings Co., Ltd.	Annual	All For		
14/05/2021	SHIMAMURA Co., Ltd.	Annual	All For		
18/05/2021	Nippon Accommodations Fund, Inc.	Special	All For		
19/05/2021	Sugi Holdings Co., Ltd.	Annual	All For		
20/05/2021	AEON Mall Co., Ltd.	Annual	All For		
21/05/2021	AEON Financial Service Co., Ltd.	Annual	Against	2.1	Concerns about overall board structure
23/05/2021	Ichigo, Inc.	Annual	Against	1.5,1.6	Lack of independence on board
25/05/2021	Lawson, Inc.	Annual	All For		
25/05/2021	Shochiku Co., Ltd.	Annual	Against	1.1,1.8,1.16	Lack of independence on board
25/05/2021	Takashimaya Co., Ltd.	Annual	All For		
25/05/2021	Welcia Holdings Co., Ltd.	Annual	All For		
26/05/2021	AEON Co., Ltd.	Annual	Against	1.4 2	Lack of independence on board Poison pill/anti-takeover measure not in investors interests

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/05/2021	Izumi Co., Ltd.	Annual	Against	4 6	Insufficient/poor disclosure Insufficient/poor disclosurePerformance-related pay/awards for non-executives
26/05/2021	Nomura Real Estate Master Fund, Inc.	Special	All For		
26/05/2021	YASKAWA Electric Corp.	Annual	All For		
27/05/2021	ABC-MART, INC.	Annual	Against	2.1	Concerns related to approach to board gender diversity
27/05/2021	Hisamitsu Pharmaceutical Co., Inc.	Annual	Against	2.1 2.7	Concerns related to approach to board gender diversity Lack of independence on board
27/05/2021	J. FRONT RETAILING Co., Ltd.	Annual	All For		
27/05/2021	Seven & i Holdings Co., Ltd.	Annual	Against	2.10	Apparent failure to link pay & appropriate performance 2- Concerns about remuneration committee performance 3- Concerns related to board gender diversity
27/05/2021	Toho Co., Ltd. (9602)	Annual	Against	3.1	Lack of independence on board
10/06/2021	IR Japan Holdings Ltd.	Annual	Against	4.2	Concerns related to approach to board gender diversity
10/06/2021	Toyota Industries Corp.	Annual	Against	1.1 4	Concerns related to approach to board gender diversity Performance-related pay/awards for non-executives
11/06/2021	KEYENCE Corp.	Annual	All For		
11/06/2021	Toyota Boshoku Corp.	Annual	Against	1.6,1.9	Lack of independence on board
15/06/2021	TOKAI RIKA CO., LTD.	Annual	Against	2.1 2.6	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
15/06/2021	USS Co., Ltd.	Annual	All For		
16/06/2021	Hankyu Hanshin Holdings, Inc.	Annual	Against	2.4	Lack of independence on board
16/06/2021	Japan Exchange Group, Inc.	Annual	All For		
16/06/2021	JAPAN POST INSURANCE Co., Ltd.	Annual	All For		
16/06/2021	Toyota Motor Corp.	Annual	Against	1.1,1.8,1.9	Lack of independence on board
17/06/2021	Fujitsu General Ltd.	Annual	All For		
17/06/2021	ITOCHU Techno-Solutions Corp.	Annual	All For		
17/06/2021	Japan Airlines Co., Ltd.	Annual	Against	1.8	Lack of independence on board
17/06/2021	Japan Post Bank Co., Ltd.	Annual	All For		
17/06/2021	JSR Corp.	Annual	All For		
17/06/2021	Kakaku.com, Inc.	Annual	All For		
17/06/2021	Koei Tecmo Holdings Co., Ltd.	Annual	All For		
17/06/2021	Konica Minolta, Inc.	Annual	All For		
17/06/2021	MISUMI Group Inc.	Annual	Against	3.1 2.1	Concerns about overall board structure Concerns related to approach to board gender diversity
17/06/2021	NTT DATA Corp.	Annual	All For		
17/06/2021	Ono Pharmaceutical Co., Ltd.	Annual	All For		
17/06/2021	Recruit Holdings Co., Ltd.	Annual	Against	3	Apparent failure to link pay and appropriate performance
17/06/2021	Tokyo Electron Ltd.	Annual	Against	1.1,1.11	Lack of independence on board
17/06/2021	Toyoda Gosei Co., Ltd.	Annual	Against	1.7	Lack of independence on board
18/06/2021	Aisin Corp.	Annual	All For		
18/06/2021	ARIAKE JAPAN Co., Ltd.	Annual	Against	2.1 5 3.1	Concerns related to approach to board gender diversityLack of independence on board Insufficient/poor disclosure Lack of independence on boardLack of independent representation at board committees
18/06/2021	Astellas Pharma, Inc.	Annual	Against	1.4	Concerns related to approach to board gender diversity
18/06/2021	Eisai Co., Ltd.	Annual	Against	1.5 1.1	Concerns related to approach to board gender diversity Poison pill/anti-takeover measure not in investors interests
18/06/2021	Fuji Kyuko Co., Ltd.	Annual	Against	2.1,2.3,2.4,2.5,2.6,2.8	Lack of independence on board
18/06/2021	Hitachi Metals, Ltd.	Annual	Against	1.3 1.4	Concerns related to approach to board gender diversity Inadequate management of climate-related risks
18/06/2021	IBIDEN Co., Ltd.	Annual	Against	1.5	Lack of independence on board
18/06/2021	ITOCHU Corp.	Annual	All For		
18/06/2021	Japan Post Holdings Co. Ltd.	Annual	All For		
18/06/2021	Keihan Holdings Co., Ltd.	Annual	Against	3.3	Lack of independence on board
18/06/2021	Kintetsu Group Holdings Co., Ltd.	Annual	Against	1.1,1.8,1.9,1.10	Lack of independence on board
18/06/2021	Komatsu Ltd.	Annual	Against	2.1,2.5,2.6	Lack of independence on board

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
18/06/2021	Kyushu Financial Group, Inc.	Annual	Against	3.3	Lack of independence on board
18/06/2021	Mitsui & Co., Ltd.	Annual	Against	2.13	Lack of independence on board
18/06/2021	Nippon Sanso Holdings Corp.	Annual	Against	4.2	Concerns about overall board structure
18/06/2021	Nippon Yusen KK	Annual	Against	3.1,3.8	Lack of independence on board
18/06/2021	Nitto Denko Corp.	Annual	Against	3.5	Lack of independence on board
18/06/2021	Nomura Research Institute Ltd.	Annual	All For		
18/06/2021	NS Solutions Corp.	Annual	Against	6,7,8	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes efficient capital structure
18/06/2021	Renova, Inc. (Japan)	Annual	Against	1.6,1.7	Lack of independence on board
18/06/2021	SMS Co., Ltd.	Annual	Against	2.1	Concerns related to approach to board gender diversity
18/06/2021	Sojitz Corp.	Annual	Against	3.6	Lack of independence on board
18/06/2021	Sumitomo Corp.	Annual	Against	5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
18/06/2021	The Shizuoka Bank Ltd.	Annual	Against	2.1,2.10	Lack of independence on board
18/06/2021	Z Holdings Corp.	Annual	All For		
18/06/2021	Zenkoku Hosho Co., Ltd.	Annual	All For		
19/06/2021	DeNA Co., Ltd.	Annual	All For		
21/06/2021	BANDAI NAMCO Holdings Inc.	Annual	Against	2.1	Concerns related to approach to board gender diversity
21/06/2021	Dai-ichi Life Holdings, Inc.	Annual	All For		
21/06/2021	Daiichi Sankyo Co., Ltd.	Annual	All For		
21/06/2021	LINTEC Corp.	Annual	All For		
21/06/2021	Nomura Holdings, Inc.	Annual	Against	1.6 1.7,1.8	Concern about the multiple board directorships Inadequate risk management at audit committee
21/06/2021	OBIC Business Consultants Co., Ltd.	Annual	Against	3 2.1	Concerns about overall board structure Concerns related to attendance at board or committee meetings
21/06/2021	Seven Bank Ltd.	Annual	All For		
22/06/2021	Capcom Co., Ltd.	Annual	Against	2.1	Concerns related to approach to board gender diversity
22/06/2021	Concordia Financial Group, Ltd.	Annual	All For		
22/06/2021	Denka Co., Ltd.	Annual	Against	2.1,2.5,3.3	Lack of independence on board
22/06/2021	DENSO Corp.	Annual	Against	1.1,1.8	Lack of independence on board
22/06/2021	East Japan Railway Co.	Annual	Against	2.1,2.11,2.12,3	Lack of independence on board
22/06/2021	Fukuyama Transporting Co., Ltd.	Annual	All For		
22/06/2021	H.U. Group Holdings, Inc.	Annual	All For		
22/06/2021	Hitachi Transport System, Ltd.	Annual	All For		
22/06/2021	Kikkoman Corp.	Annual	Against	3.2 2.9,2.10,2.11 2.2	Concerns about overall board structure Lack of independence on board Lack of independence on board and concerns about deforestation
22/06/2021	Kotobuki Spirits Co., Ltd.	Annual	All For		
22/06/2021	LIXIL Corp.	Annual	All For		
22/06/2021	Mitsui O.S.K. Lines, Ltd.	Annual	Against	2.1,2.7	Lack of independence on board
22/06/2021	NEC Corp.	Annual	Against	1.10 1.11	Lack of independence on board Lack of independence on board
22/06/2021	Nichirei Corp.	Annual	Against	3	Concerns related to shareholder rights
22/06/2021	NIDEC Corp.	Annual	All For		
22/06/2021	Nippon Shokubai Co., Ltd.	Annual	Against	2.8	Lack of independence on board
22/06/2021	Nissan Motor Co., Ltd.	Annual	All For		
22/06/2021	PERSOL Holdings Co., Ltd.	Annual	Against	3.4	Lack of independence on board
22/06/2021	Sanwa Holdings Corp.	Annual	Against	2.1	Concerns related to approach to board gender diversity
22/06/2021	Seibu Holdings, Inc.	Annual	Against	1.4	Lack of independence on board
22/06/2021	Shionogi & Co., Ltd.	Annual	Against	2.3	Lack of independence on board
22/06/2021	SoftBank Corp.	Annual	All For		
22/06/2021	Sony Group Corp.	Annual	All For		
22/06/2021	Terumo Corp.	Annual	Against	2.1 2.8	Concerns related to approach to board gender diversity Lack of independence on board

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
22/06/2021	Toray Industries, Inc.	Annual	Against	2	Concerns related to board gender diversity
22/06/2021	Yaoko Co., Ltd.	Annual	All For		
23/06/2021	ACOM Co., Ltd.	Annual	Against	2.1 3.3	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on boardLack of independent representation at board committees
23/06/2021	Advantest Corp.	Annual	All For		
23/06/2021	Ajinomoto Co., Inc.	Annual	Against	3.9	Lack of independence on board
23/06/2021	Brother Industries, Ltd.	Annual	All For		
23/06/2021	CALBEE, Inc.	Annual	Against	2.1 2.4	Inadequate management of climate-related risks Lack of independence on board
23/06/2021	Central Japan Railway Co.	Annual	All For		
23/06/2021	Credit Saison Co., Ltd.	Annual	All For		
23/06/2021	Daiwa Securities Group Inc.	Annual	Against	1.8	Lack of independence on board
23/06/2021	Elecom Co., Ltd.	Annual	Against	4.1,4.2 3.8,3.10	Concerns about overall board structure Lack of independence on board
23/06/2021	Fuji Oil Holdings, Inc.	Annual	All For		
23/06/2021	Fuyo General Lease Co., Ltd.	Annual	Against	3.2	Concerns about overall board structure
23/06/2021	Hitachi Ltd.	Annual	All For		
23/06/2021	Honda Motor Co., Ltd.	Annual	All For		
23/06/2021	Idemitsu Kosan Co., Ltd.	Annual	All For		
23/06/2021	Itoham Yonekyu Holdings, Inc.	Annual	All For		
23/06/2021	Iwatani Corp.	Annual	Against	3	Concerns about overall board structure
23/06/2021	Japan Aviation Electronics Industry Ltd.	Annual	Against	1.1 3	Concerns related to approach to board gender diversity Performance-related pay/awards for non-executives
23/06/2021	JCR Pharmaceuticals Co., Ltd.	Annual	All For		
23/06/2021	KDDI Corp.	Annual	Against	2.11 2.1	Concerns related to approach to board gender diversity Concerns related to lack of independence on board
23/06/2021	Kobe Steel, Ltd.	Annual	Against	1.1 1.6	Inadequate management of climate-related risks and lack of independence on board Lack of independence on board
23/06/2021	Kyowa Exeo Corp.	Annual	All For		
23/06/2021	Kyushu Railway Co.	Annual	Against	2.11	Lack of independence on board
23/06/2021	Maeda Corp.	Annual	All For		
23/06/2021	MEGMILK SNOW BRAND Co., Ltd.	Annual	Against	3	Poison pill/anti-takeover measure not in investors interests
23/06/2021	Mitsubishi Motors Corp.	Annual	Against	1.4,1.9	Lack of independence on board
23/06/2021	Mizuho Financial Group, Inc.	Annual	Against	1.12 1.8	Concern about the board independence Concerns related to approach to board gender diversity
23/06/2021	Nagase & Co., Ltd.	Annual	All For		
23/06/2021	Net One Systems Co., Ltd.	Annual	All For		
23/06/2021	Nippo Corp.	Annual	Against	3.2,3.3 2.1 2.7	Concerns about overall board structure Concerns related to approach to board gender diversity Lack of independence on board
23/06/2021	Nippon Steel Corp.	Annual	Against	2.1 2.10	Inadequate management of climate-related risksConcerns related to approach to board gender diversity Lack of independence on board
23/06/2021	Okuma Corp.	Annual	Against	3.1,3.2	Concerns about overall board structure
23/06/2021	Resona Holdings, Inc.	Annual	All For		
23/06/2021	SCSK Corp.	Annual	Against	2.7,2.8	Lack of independence on board
23/06/2021	Sekisui Chemical Co., Ltd.	Annual	All For		
23/06/2021	Shinsei Bank, Ltd.	Annual	All For		
23/06/2021	SoftBank Group Corp.	Annual	Against	4.2 3.9	Concerns about overall board structure Lack of independence on board
23/06/2021	Subaru Corp.	Annual	All For		
23/06/2021	Sumitomo Chemical Co., Ltd.	Annual	Against	1.1,1.9	Lack of independence on board
23/06/2021	Sumitomo Mitsui Trust Holdings, Inc.	Annual	Against	2.10,2.11	Lack of independence on board
23/06/2021	TDK Corp.	Annual	All For		
23/06/2021	Teijin Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
23/06/2021	Tobu Railway Co., Ltd.	Annual	Against	2.1,2.11 4	Lack of independence on board Poison pill/anti-takeover measure not in investors interests
23/06/2021	West Japan Railway Co.	Annual	Against	2.1 2.5	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
23/06/2021	Yakult Honsha Co., Ltd.	Annual	Against	1.1 1.9,1.10,1.11	Inadequate management of climate-related risks Lack of independence on board
23/06/2021	Yokogawa Electric Corp.	Annual	All For		
24/06/2021	Aica Kogyo Co., Ltd.	Annual	All For		
24/06/2021	Anritsu Corp.	Annual	All For		
24/06/2021	Aozora Bank Ltd.	Annual	Against	1.1,1.4,1.5	Lack of independence on board
24/06/2021	Azbil Corp.	Annual	All For		
24/06/2021	Benefit One Inc.	Annual	All For		
24/06/2021	Cosmo Energy Holdings Co., Ltd.	Annual	Against	3.2	Lack of independence on boardLack of independent representation at board committees
24/06/2021	Daido Steel Co., Ltd.	Annual	Against	2.1 2.8 4	Inadequate management of climate-related risks Lack of independence on board Performance-related pay/awards for non-executives
24/06/2021	DOWA HOLDINGS Co., Ltd.	Annual	Against	2 1.1,1.7	Concerns about overall board structure Lack of independence on board
24/06/2021	FANUC Corp.	Annual	All For		
24/06/2021	FP Corp.	Annual	Against	1.1	Lack of independence on board
24/06/2021	Furukawa Electric Co., Ltd.	Annual	Against	2.4	Lack of independence on board
24/06/2021	GOLDWIN INC.	Annual	Against	3 5	Concerns about overall board structure Poison pill/anti-takeover measure not in investors interests
24/06/2021	Gunma Bank, Ltd.	Annual	Against	2.7	Lack of independence on board
24/06/2021	Hino Motors, Ltd.	Annual	Against	2.2 1.1 1.6	Concerns about overall board structure Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
24/06/2021	IHI Corp.	Annual	All For		
24/06/2021	Japan Airport Terminal Co., Ltd.	Annual	Against	1.1,1.12,1.13,1.14,1.15	Lack of independence on board
24/06/2021	JustSystems Corp.	Annual	Against	3.1	Concerns related to approach to board gender diversity
24/06/2021	Kinden Corp.	Annual	Against	3.1 3.10,3.12	Concerns related to approach to board gender diversity Lack of independence on board
24/06/2021	Konami Holdings Corp.	Annual	Against	2.1,3.1	Lack of independence on board
24/06/2021	Marubeni Corp.	Annual	Against	1.1 1.9	Concerns related to approach to board gender diversityInadequate management of climate-related risks Lack of independence on board
24/06/2021	Mazda Motor Corp.	Annual	Against	1.3 2.3,2.4	Lack of independence on board Lack of independence on boardLack of independent representation at board committees
24/06/2021	Mebuki Financial Group, Inc.	Annual	All For		
24/06/2021	Mitsubishi Chemical Holdings Corp.	Annual	All For		
24/06/2021	Mitsubishi Materials Corp.	Annual	Against	2.8,2.9	Lack of independence on board
24/06/2021	NEC Networks & System Integration Corp.	Annual	All For		
24/06/2021	NH Foods Ltd.	Annual	All For		
24/06/2021	Nifco, Inc.	Annual	All For		
24/06/2021	Nihon M&A Center Inc.	Annual	All For		
24/06/2021	Nippon Telegraph & Telephone Corp.	Annual	All For		
24/06/2021	Nomura Real Estate Holdings, Inc.	Annual	All For		
24/06/2021	Obayashi Corp.	Annual	Against	2.1,2.9,2.10	Lack of independence on board
24/06/2021	Olympus Corp.	Annual	All For		
24/06/2021	OMRON Corp.	Annual	All For		
24/06/2021	Paltac Corp.	Annual	Against	1.6	Lack of independence on board
24/06/2021	Panasonic Corp.	Annual	Against	3.5	Lack of independence on board and concern about his over commitment of board
24/06/2021	Relo Group, Inc.	Annual	Against	1.1 1.7	Concerns related to approach to board gender diversity, Lack of independence on board Lack of independence on board
24/06/2021	Ricoh Co., Ltd.	Annual	Against	2.9	Lack of independence on board
24/06/2021	Rohto Pharmaceutical Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
24/06/2021	SCREEN Holdings Co., Ltd.	Annual	Against	2.6	Lack of independence on board
24/06/2021	Sega Sammy Holdings, Inc.	Annual	Against	1.5	Lack of independence on board
24/06/2021	Seino Holdings Co., Ltd.	Annual	Against	2.9	Lack of independence on board
24/06/2021	Seria Co., Ltd.	Annual	Against	2.1	Concerns related to approach to board gender diversity
24/06/2021	SOHGO SECURITY SERVICES CO., LTD.	Annual	Against	2.9	Lack of independence on board
24/06/2021	Stanley Electric Co., Ltd.	Annual	Against	1.1 1.6	Concerns related to approach to board gender diversity Lack of independence on board
24/06/2021	Sumitomo Bakelite Co., Ltd.	Annual	Against	2.8	Lack of independence on board
24/06/2021	Sumitomo Dainippon Pharma Co., Ltd.	Annual	Against	4.2	Concerns about overall board structure
24/06/2021	Takara Bio Inc.	Annual	All For		
24/06/2021	TIS, Inc. (Japan)	Annual	All For		
24/06/2021	Toyo Suisan Kaisha, Ltd.	Annual	Against	2.1	Inadequate management of climate-related risks
24/06/2021	Toyota Tsusho Corp.	Annual	All For		
24/06/2021	Yamaha Corp.	Annual	All For		
24/06/2021	Yamato Holdings Co., Ltd.	Annual	All For		
25/06/2021	Air Water Inc.	Annual	Against	1.9	Lack of independence on board
25/06/2021	Alfresa Holdings Corp.	Annual	Against	1.9	Lack of independence on board
25/06/2021	Alps Alpine Co., Ltd.	Annual	All For		
25/06/2021	AMADA Co., Ltd.	Annual	Against	2.1 2.8	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
25/06/2021	AS ONE Corp.	Annual	Against	4.1,4.3	Lack of independence on boardLack of independent representation at board committees
25/06/2021	Asahi Kasei Corp.	Annual	Against	1.1,1.9	Lack of independence on board
25/06/2021	Chubu Electric Power Co., Inc.	Annual	Against	2.8 2.1	Lack of independence on board Lack of independence on board
25/06/2021	Daicel Corp.	Annual	Against	2.7,2.8,2.10	Lack of independence on board
25/06/2021	Daifuku Co., Ltd.	Annual	All For		
25/06/2021	Daiichikosho Co., Ltd.	Annual	All For		
25/06/2021	Daito Trust Construction Co., Ltd.	Annual	Against	3.1 2.1	Concerns about overall board structure Concerns related to approach to board gender diversity
25/06/2021	Electric Power Development Co., Ltd.	Annual	Against	2.1 2.11,2.12	Concerns related to approach to board gender diversityInadequate management of climate-related risksLack of independence on board Lack of independence on board
25/06/2021	ENEOS Holdings, Inc.	Annual	All For		
25/06/2021	Fuji Electric Co., Ltd.	Annual	Against	1.1 1.7,1.8	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
25/06/2021	Fuji Media Holdings, Inc.	Annual	Against	2.1 2.7,2.8	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
25/06/2021	Hikari Tsushin, Inc.	Annual	Against	1.1 2.2	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on boardLack of independent representation at board committees
25/06/2021	Hirogin Holdings, Inc.	Annual	All For		
25/06/2021	HIROSE ELECTRIC CO., LTD.	Annual	Against	3.1 3.8,3.10 4.2	Concerns related to approach to board gender diversity Lack of independence on board Lack of independence on boardLack of independent representation at board committees
25/06/2021	Hokuriku Electric Power Co.	Annual	Against	2.1 2.7,2.8,2.9,3 8	Concerns related to approach to board gender diversity and lack of independence on board Lack of independence on board Shareholder proposal promotes transparency
25/06/2021	House Foods Group Inc.	Annual	Against	4.5	Lack of independence on board
25/06/2021	Iida Group Holdings Co., Ltd.	Annual	Against	3.2	Concerns related to approach to board gender diversity
25/06/2021	Isetan Mitsukoshi Holdings Ltd.	Annual	Against	2.5,2.7,2.8	Lack of independence on board
25/06/2021	Isuzu Motors Ltd.	Annual	Against	3.1 4.3,4.4	Lack of independence on board Lack of independence on boardConcerns about overall board structure
25/06/2021	JFE Holdings, Inc.	Annual	Against	2.1	Inadequate management of climate-related risks
25/06/2021	JTEKT Corp.	Annual	Against	2.1 1	Concerns related to approach to board gender diversityLack of independence on board Concerns related to shareholder rights
25/06/2021	Kajima Corp.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
25/06/2021	Kaneka Corp.	Annual	Against	1.1 1.9	Concerns related to approach to board gender diversity Lack of independence on board
25/06/2021	Kawasaki Heavy Industries, Ltd.	Annual	All For		
25/06/2021	Kyocera Corp.	Annual	All For		
25/06/2021	Kyoritsu Maintenance Co., Ltd.	Annual	Against	2.1,2.15 3.2,3.3	Lack of independence on board Lack of independence on boardLack of independent representation at board committees
25/06/2021	Kyudenko Corp.	Annual	Against	2.1,2.2,2.3 1.1,1.11,1.12	Concerns about overall board structure Lack of independence on board
25/06/2021	Kyushu Electric Power Co., Inc.	Annual	Against	2.11	Lack of independence on board
25/06/2021	M3, Inc.	Annual	Against	1.1	Lack of independence on board
25/06/2021	Maeda Road Construction Co., Ltd.	Annual	Against	3.1	Concerns related to approach to board gender diversity
25/06/2021	Makita Corp.	Annual	Against	3.1 3.11	Concerns related to approach to board gender diversity Lack of independence on board
25/06/2021	Marui Group Co., Ltd.	Annual	Against	2.3	Lack of independence on board
25/06/2021	Maruichi Steel Tube Ltd.	Annual	Against	1.1,1.5,1.6	Lack of independence on board
25/06/2021	Medipal Holdings Corp.	Annual	Against	1.11,1.12	Lack of independence on board
25/06/2021	Mitsubishi Corp.	Annual	Against	2.1 2.10	Concerns related to approach to board gender diversity Lack of independence on board
25/06/2021	Mitsubishi Gas Chemical Co., Inc.	Annual	All For		
25/06/2021	Mitsubishi HC Capital, Inc.	Annual	All For		
25/06/2021	Mitsui Chemicals, Inc.	Annual	All For		
25/06/2021	Nagoya Railroad Co., Ltd.	Annual	All For		
25/06/2021	Nankai Electric Railway Co., Ltd.	Annual	Against	3.6,3.7,3.8 4.3,4.4,4.5	Lack of independence on board Lack of independence on boardLack of independent representation at board committees
25/06/2021	NGK SPARK PLUG CO., LTD.	Annual	Against	1.9	Lack of independence on board
25/06/2021	NHK Spring Co., Ltd.	Annual	All For		
25/06/2021	Nihon Kohden Corp.	Annual	All For		
25/06/2021	Nihon Unisys, Ltd.	Annual	Against	4.1	Concerns about overall board structure
25/06/2021	Nippon Kayaku Co., Ltd.	Annual	Against	2.1 2.6	Concerns related to approach to board gender diversity Lack of independence on board
25/06/2021	Nipro Corp.	Annual	All For		
25/06/2021	Nissan Chemical Corp.	Annual	Against	3	Lack of independence on board
25/06/2021	Nisshin Seifun Group Inc.	Annual	Against	2.1,2.7,2.8,2.9 3.2,3.3 4	Lack of independence on board Lack of independence on boardLack of independent representation at board committees Poison pill/anti-takeover measure not in investors interests
25/06/2021	Nissin Foods Holdings Co., Ltd.	Annual	Against	3 2.4,2.5,2.6	Concerns about overall board structure Lack of independence on board
25/06/2021	NOK Corp.	Annual	Against	2.1	Concerns related to approach to board gender diversity
25/06/2021	NSK Ltd.	Annual	Against	1.8,1.9	Lack of independence on board
25/06/2021	Orient Corp.	Annual	Against	4.1	Concerns about overall board structure
25/06/2021	ORIX Corp.	Annual	All For		
25/06/2021	Osaka Gas Co., Ltd.	Annual	Against	3.1,3.9	Lack of independence on board
25/06/2021	Penta-Ocean Construction Co., Ltd.	Annual	Against	2.1 2.7,2.8,2.9	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
25/06/2021	ROHM Co., Ltd.	Annual	All For		
25/06/2021	Sankyu Inc.	Annual	Against	2.1 2.6	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
25/06/2021	Santen Pharmaceutical Co., Ltd.	Annual	All For		
25/06/2021	SECOM Co., Ltd.	Annual	Against	2.2	Concerns related to approach to board gender diversity
25/06/2021	Seiko Epson Corp.	Annual	All For		
25/06/2021	SG Holdings Co., Ltd.	Annual	All For		
25/06/2021	Shikoku Electric Power Co., Inc.	Annual	Against	3.2 2.1 3.3	Lack of independence on board Inadequate management of climate-related risks Lack of independence on board
25/06/2021	Shimadzu Corp.	Annual	All For		
25/06/2021	Shinko Electric Industries Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
25/06/2021	SKY Perfect JSAT Holdings Inc.	Annual	Against	1.1,1.7,1.8,1.10,1.11	Lack of independence on board
25/06/2021	Square Enix Holdings Co., Ltd.	Annual	All For		
25/06/2021	Sumitomo Electric Industries Ltd.	Annual	Against	2.1 2.14	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
25/06/2021	Sumitomo Metal Mining Co., Ltd.	Annual	Against	3.1,3.8	Lack of independence on board
25/06/2021	Suzuken Co., Ltd.	Annual	Against	3.1,3.2,3.3	Lack of independence on boardLack of independent representation at board committees
25/06/2021	Suzuki Motor Corp.	Annual	All For		
25/06/2021	Sysmex Corp.	Annual	Against	2.1 2.7	Concerns related to approach to board gender diversity Lack of independence on board
25/06/2021	T&D Holdings, Inc.	Annual	All For		
25/06/2021	TAISEI Corp.	Annual	Against	2.1,2.10,2.11	Lack of independence on board
25/06/2021	TAKUMA CO., LTD.	Annual	All For		
25/06/2021	The Chiba Bank, Ltd.	Annual	Against	2.1	Lack of independence on board
25/06/2021	The Chugoku Bank, Ltd.	Annual	Against	3.9	Lack of independence on board
25/06/2021	The Chugoku Electric Power Co., Inc.	Annual	Against	2.1 2.8	Inadequate management of climate-related risks Lack of independence on board
25/06/2021	The Hachijuni Bank, Ltd.	Annual	Against	2.7,2.8	Lack of independence on board
25/06/2021	The Kansai Electric Power Co., Inc.	Annual	Against	21 26 2.2,2.3	Concern of the board governance Concern related to climate change risks Lack of independence on board
25/06/2021	Tohoku Electric Power Co., Inc.	Annual	Against	8 2.1,2.11,2.12	Concern of board governance Lack of independence on board
25/06/2021	Tokuyama Corp.	Annual	Against	3.4	Lack of independence on board
25/06/2021	Tokyu Fudosan Holdings Corp.	Annual	All For		
25/06/2021	Toshiba Corp.	Annual	Against	1.1,1.2,1.4,1.6,1.7,1.8,1.9 1.3,1.5	Concerns about reducing shareholder rights Concerns about reducing shareholder rights Proposal withdrawn/not put to a vote
25/06/2021	Tosoh Corp.	Annual	Against	2 1.1,1.6,1.7,1.8	Concerns about overall board structure Lack of independence on board
25/06/2021	TOTO Ltd.	Annual	Against	1.1	Concerns related to approach to board gender diversityLack of independence on board
25/06/2021	Toyo Seikan Group Holdings Ltd.	Annual	Against	8 7	A vote FOR this shareholder proposal is warranted because: Based on the company's low valuation, capital invested in non-core assets lacking a clear justification, and sufficient capacity to finance its mid-term capex program, a share repurchase appears feasi A vote FOR this shareholder proposal is warranted because: The proposal will add credence to the soundness of the company's governance by trying to reduce the influence of former senior executives over the company's ongoing strategic decision-making process.* Meanwhile, banning such advisory posts in the articles of incorporation will not prevent former senior executives of the company from playing the role they currently have with the business community, without the title of advisors, if that is deemed to be reasonable.
25/06/2021	TS TECH CO., LTD.	Annual	All For		
25/06/2021	Valor Holdings Co., Ltd.	Annual	Against	1.1	Lack of independence on board
25/06/2021	Yamaguchi Financial Group, Inc.	Annual	Against	2.1 4	Lack of independent representation at board committees Shareholder proposal promotes transparency
25/06/2021	Zensho Holdings Co., Ltd.	Annual	Against	3.8,4.2	Lack of independence on board
25/06/2021	ZOZO, Inc.	Annual	Against	2.1 2.6	Concerns related to approach to board gender diversity Lack of independence on board
26/06/2021	Benesse Holdings, Inc.	Annual	All For		
26/06/2021	FANCL Corp.	Annual	All For		
26/06/2021	Sundrug Co., Ltd.	Annual	All For		
27/06/2021	Matsui Securities Co., Ltd.	Annual	Against	3.1 4.1,4.2	Lack of independence on board Lack of independence on boardLack of independent representation at board committees
28/06/2021	Fujitsu Ltd.	Annual	Against	1.8	Lack of independence on board
28/06/2021	Hitachi Construction Machinery Co., Ltd.	Annual	All For		
28/06/2021	Maruwa Unyu Kikan Co., Ltd.	Annual	Against	3.2 2.1 2.11	Concerns about overall board structure Concerns related to approach to board gender diversity Lack of independence on board
28/06/2021	Mitsubishi Shokuhin Co., Ltd.	Annual	All For		
28/06/2021	MS&AD Insurance Group Holdings, Inc.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/06/2021	NGK Insulators, Ltd.	Annual	Against	3.1,3.7	Lack of independence on board
28/06/2021	Sompo Holdings, Inc.	Annual	All For		
28/06/2021	TOHO GAS Co., Ltd.	Annual	Against	3.7	Lack of independence on board
14/04/2021	Capitaland Integrated Commercial Trust	Annual	Against	3	Issue of equity raises concerns about excessive dilution of existing shareholders
15/04/2021	Genting Singapore Limited	Annual	All For		
15/04/2021	Suntec Real Estate Investment Trust	Annual	Against	3	Issue of equity raises concerns about excessive dilution of existing shareholders
15/04/2021	Wilmar International Limited	Annual	Against	10 9 4	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board
19/04/2021	Ascott Residence Trust	Annual	Against	3	Issue of equity raises concerns about excessive dilution of existing shareholders
19/04/2021	Hutchison Port Holdings Trust	Annual	Against	3	Issue of equity raises concerns about excessive dilution of existing shareholders
20/04/2021	XP Power Ltd.	Annual	Against	11	Apparent failure to link pay & appropriate performance
21/04/2021	Keppel DC REIT	Annual	Against	5	Issue of equity raises concerns about excessive dilution of existing shareholders
22/04/2021	Sembcorp Industries Ltd.	Annual	Against	12,13	Inadequate management of climate-related risks
22/04/2021	Singapore Technologies Engineering Ltd.	Annual	All For		
23/04/2021	Keppel Corporation Limited	Annual	All For		
23/04/2021	Keppel REIT	Annual	Against	5	Issue of equity raises concerns about excessive dilution of existing shareholders
23/04/2021	Olam International Limited	Annual	All For		
23/04/2021	Sembcorp Marine Ltd.	Annual	All For		
23/04/2021	UOL Group Limited	Annual	Against	9 4 10	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
27/04/2021	CapitaLand Ltd.	Annual	All For		
27/04/2021	Jardine Cycle & Carriage Limited	Annual	Against	7a	Issue of capital raises concerns about excessive dilution of existing shareholders
29/04/2021	Ascendas Real Estate Investment Trust	Annual	Against	3	Issue of equity raises concerns about excessive dilution of existing shareholders
29/04/2021	Oversea-Chinese Banking Corporation Limited	Annual	Against	8,11 2b,2c	Apparent failure to link pay and appropriate performance Concerns about overall board structure
29/04/2021	Venture Corporation Limited	Annual	Against	10,12 3	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees
30/04/2021	City Developments Limited	Annual	All For		
30/04/2021	Comfortdelgro Corporation Limited	Annual	Against	4	Concerns related to succession planning
30/04/2021	StarHub Ltd.	Annual	Against	2 10	Concerns related to succession planning Issue of equity raises concerns about excessive dilution of existing shareholders
30/04/2021	StarHub Ltd.	Special	All For		
30/04/2021	United Overseas Bank Ltd. (Singapore)	Annual	Against	5	Concerns related to approach to board gender diversity
03/06/2021	BOC Aviation Limited	Annual	Against	3d,3e 7 8	Concerns related to approach to board gender diversity Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
03/06/2021	BOC Aviation Limited	Special	All For		
16/06/2021	Ascendas Real Estate Investment Trust	Extraordinary Shareholders	All For		
13/05/2021	Doosan Heavy Industries & Construction Co., Ltd.	Special	All For		
13/05/2021	Doosan Infracore Co., Ltd.	Special	All For		
28/05/2021	GS Retail Co., Ltd.	Special	All For		
28/05/2021	Korea Electric Power Corp.	Special	All For		
07/06/2021	Daewoo Engineering & Construction Co. Ltd.	Special	All For		
15/06/2021	Kumho Petrochemical Co., Ltd.	Special	All For		
22/06/2021	KEPCO Plant Service & Engineering Co., Ltd.	Special	All For		
22/06/2021	Samsung Heavy Industries Co., Ltd.	Special	All For		
23/06/2021	Kangwon Land, Inc.	Special	Against	2	Concerns related to inappropriate membership of committees
25/05/2021	TECO Electric & Machinery Co., Ltd.	Annual	All For		
27/05/2021	Advantech Co., Ltd.	Annual	All For		
27/05/2021	Nanya Technology Corp.	Annual	All For		
28/05/2021	Phison Electronics Corp.	Annual	Against	4	Concerns related to shareholder rights
28/05/2021	SinoPac Financial Holdings Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/05/2021	Walsin Lihwa Corp.	Annual	All For		
31/05/2021	Lite-On Technology Corp.	Annual	All For		
07/06/2021	Yuanta Financial Holding Co. Ltd.	Annual	All For		
08/06/2021	Novatek Microelectronics Corp.	Annual	Against	3.6 3.5 3.3,3.4	Concerns related to succession planning Insufficient/poor disclosure Lack of independence on board
08/06/2021	Realtek Semiconductor Corp.	Annual	Against	3.2,3.4,3.5,3.6,3.7	Lack of independence on board
08/06/2021	Taiwan Semiconductor Manufacturing Co., Ltd.	Annual	Against	4.5	Lack of independent representation at board committees
08/06/2021	Taiwan Semiconductor Manufacturing Co., Ltd.	Annual	Against	4.5	Lack of independent representation at board committees
08/06/2021	United Microelectronics Corp.	Annual	Against	3	Issue of equity raises concerns about excessive dilution of existing shareholders
09/06/2021	King Yuan Electronics Co., Ltd.	Annual	All For		
10/06/2021	ASUSTek Computer, Inc.	Annual	All For		
10/06/2021	AU Optronics Corp.	Annual	All For		
10/06/2021	MediaTek, Inc.	Annual	All For		
10/06/2021	Win Semiconductors Corp.	Annual	All For		
11/06/2021	Cathay Financial Holdings Co. Ltd.	Annual	All For		
11/06/2021	Chicony Electronics Co., Ltd.	Annual	All For		
11/06/2021	China Development Financial Holding Corp.	Annual	All For		
11/06/2021	CTBC Financial Holding Co., Ltd.	Annual	All For		
11/06/2021	Delta Electronics, Inc.	Annual	All For		
11/06/2021	Fubon Financial Holding Co., Ltd.	Annual	All For		
11/06/2021	Micro-Star International Co., Ltd.	Annual	Against	4.3,4.4,4.5,4.6,4.7,4.8	Lack of independence on board
11/06/2021	Taishin Financial Holdings Co., Ltd.	Annual	All For		
16/06/2021	Cheng Shin Rubber Ind. Co., Ltd.	Annual	Against	5	Concerns to protect shareholder value
16/06/2021	President Chain Store Corp.	Annual	Against	6.1,6.2,6.3,6.5,6.6,6.7,6.8,6.9,6.10	Lack of independence on board
16/06/2021	Taiwan Mobile Co., Ltd.	Annual	All For		
17/06/2021	Formosa Petrochemical Corp.	Annual	Against	5.13,5.14 5.1 5.2,5.3,5.4,5.5,5.7,5.8,5.9,5.10,5.11,5.12	Concerns related to succession planning Inadequate management of climate-related risks Lack of independence on board
17/06/2021	Wistron Corp.	Annual	All For		
18/06/2021	Chang Hwa Commercial Bank Ltd.	Annual	All For		
18/06/2021	China Steel Corp.	Annual	All For		
18/06/2021	Inventec Corp.	Annual	All For		
18/06/2021	Quanta Computer, Inc.	Annual	Against	3	Concerns to protect shareholder value
22/06/2021	ASE Technology Holding Co., Ltd.	Annual	Against	4 7 6.2,6.3,6.5,6.7,6.8,6.9,6.10	Concerns related to shareholder rights Insufficient/poor disclosure Lack of independence on board
22/06/2021	Pegatron Corp.	Annual	All For		
23/06/2021	Far EasTone Telecommunications Co., Ltd.	Annual	Against	5.1,5.10,5.11 6	 Lack of independence on board
23/06/2021	Hon Hai Precision Industry Co., Ltd.	Annual	All For		
23/06/2021	Uni-President Enterprises Corp.	Annual	All For		
24/06/2021	Innolux Corp.	Annual	All For		
25/06/2021	Asia Cement Corp.	Annual	All For		
25/06/2021	Compal Electronics, Inc.	Annual	Against	4.3,4.4,4.5,4.6,4.7,4.8,4.9,4.10,4.11,4.12	Lack of independence on board
25/06/2021	Hua Nan Financial Holdings Co., Ltd.	Annual	All For		
25/06/2021	Mega Financial Holding Co., Ltd.	Annual	All For		
25/06/2021	Taiwan Business Bank	Annual	All For		
25/06/2021	Taiwan Cooperative Financial Holding Co., Ltd.	Annual	All For		
28/06/2021	Ruentex Industries Ltd.	Annual	All For		
28/06/2021	Tokio Marine Holdings, Inc.	Annual	Against	2.1,2.8,2.12	Lack of independence on board

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/06/2021	Tokyo Century Corp.	Annual	All For		
28/06/2021	Toshiba Tec Corp.	Annual	Against	1.6	Lack of independence on board
29/06/2021	Amano Corp.	Annual	Against	2.9	Lack of independence on board
29/06/2021	ANA HOLDINGS INC.	Annual	Against	2.1,2.8	Lack of independence on board
29/06/2021	Casio Computer Co., Ltd.	Annual	All For		
29/06/2021	COMSYS Holdings Corp.	Annual	Against	2.1 3.2,3.6	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
29/06/2021	Dai Nippon Printing Co., Ltd.	Annual	All For		
29/06/2021	Daikin Industries Ltd.	Annual	Against	3 2.1 2.4	Concerns about overall board structure Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
29/06/2021	Daio Paper Corp.	Annual	All For		
29/06/2021	Daiwa House Industry Co., Ltd.	Annual	Against	2.1,2.12,2.13	Lack of independence on board
29/06/2021	DISCO Corp.	Annual	Against	3 2.1	Concerns about overall board structure Concerns related to approach to board gender diversity
29/06/2021	FUJIFILM Holdings Corp.	Annual	Against	2.7 2.1,2.8	Concerns related to approach to board gender diversity Lack of independence on board
29/06/2021	Fukuoka Financial Group, Inc.	Annual	All For		
29/06/2021	GS Yuasa Corp.	Annual	All For		
29/06/2021	Hakuhodo DY Holdings, Inc.	Annual	Against	3.1 3.8	Concerns related to approach to board gender diversity Lack of independence on board
29/06/2021	HASEKO Corp.	Annual	All For		
29/06/2021	Hazama Ando Corp.	Annual	All For		
29/06/2021	Heiwa Corp.	Annual	All For		
29/06/2021	HOYA Corp.	Annual	All For		
29/06/2021	JGC Holdings Corp.	Annual	All For		
29/06/2021	K's Holdings Corp.	Annual	All For		
29/06/2021	Kaken Pharmaceutical Co., Ltd.	Annual	All For		
29/06/2021	Kamigumi Co., Ltd.	Annual	All For		
29/06/2021	Kandenko Co., Ltd.	Annual	Against	2.13 3	Lack of independence on board Performance-related pay/awards for non-executives
29/06/2021	Kansai Paint Co., Ltd.	Annual	All For		
29/06/2021	Keikyu Corp.	Annual	Against	2.7	Lack of independence on board
29/06/2021	Keio Corp.	Annual	Against	2.1,2.6,2.7	Lack of independence on board
29/06/2021	Keisei Electric Railway Co., Ltd.	Annual	Against	3.2,3.3 2.1,2.9	Concerns about overall board structure Lack of independence on board
29/06/2021	Koito Manufacturing Co., Ltd.	Annual	Against	2.1 2.13,2.14	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
29/06/2021	KOSE Corp.	Annual	All For		
29/06/2021	Kurita Water Industries Ltd.	Annual	All For		
29/06/2021	Matsumotokiyoshi Holdings Co., Ltd.	Annual	Against	9	Concerns about overall board structure
29/06/2021	Meiji Holdings Co., Ltd.	Annual	All For		
29/06/2021	Minebea Mitsumi, Inc.	Annual	Against	2.1,2.8,2.12	Lack of independence on board
29/06/2021	Mitsubishi Electric Corp.	Annual	Against	1.8 1.12	Concerns related to approach to board gender diversity Lack of independence on board
29/06/2021	Mitsubishi Estate Co., Ltd.	Annual	Against	2.1 2.14	Concerns related to approach to board gender diversity Lack of independence on board
29/06/2021	Mitsubishi Heavy Industries, Ltd.	Annual	Against	3.6,3.7	Lack of independence on board
29/06/2021	Mitsubishi Logistics Corp.	Annual	Against	2.1,2.7,2.8,2.9	Lack of independence on board
29/06/2021	Mitsubishi UFJ Financial Group, Inc.	Annual	Against	3	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
29/06/2021	Mitsui Fudosan Co., Ltd.	Annual	Against	2.1 2.10	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
29/06/2021	Mitsui Mining & Smelting Co., Ltd.	Annual	All For		
29/06/2021	Miura Co., Ltd.	Annual	All For		
29/06/2021	Mochida Pharmaceutical Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
29/06/2021	Morinaga & Co., Ltd.	Annual	Against	2.10	Lack of independence on board
29/06/2021	Morinaga Milk Industry Co., Ltd.	Annual	Against	2.8	Lack of independence on board
29/06/2021	Murata Manufacturing Co. Ltd.	Annual	All For		
29/06/2021	NICHIAS Corp.	Annual	Against	2.1,2.9,2.10	Lack of independence on board
29/06/2021	Nikon Corp.	Annual	Against	2.2,2.5	Lack of independence on board
29/06/2021	Nintendo Co., Ltd.	Annual	All For		
29/06/2021	Nippon Express Co., Ltd.	Annual	Against	4.1,4.9	Lack of independence on board
29/06/2021	Nippon Paper Industries Co., Ltd.	Annual	Against	2.1	Inadequate management of climate-related risks
29/06/2021	Nippon Shinyaku Co., Ltd.	Annual	All For		
29/06/2021	Nippon Television Holdings, Inc.	Annual	Against	2.1 2.4 2.6,2.7,2.8	Concerns related to approach to board gender diversityLack of independence on board Concerns related to attendance at board or committee meetings Lack of independence on board
29/06/2021	Nishi-Nippon Railroad Co., Ltd.	Annual	Against	4	Poison pill/anti-takeover measure not in investors interests
29/06/2021	NOF Corp.	Annual	Against	3.5	Lack of independence on board
29/06/2021	OBIC Co., Ltd.	Annual	Against	2.1 2.5	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
29/06/2021	Odakyu Electric Railway Co., Ltd.	Annual	Against	2.1,2.7,2.9,2.10	Lack of independence on board
29/06/2021	Oji Holdings Corp.	Annual	Against	1.1,1.11	Lack of independence on board
29/06/2021	Oriental Land Co., Ltd.	Annual	Against	3.1,3.9	Lack of independence on board
29/06/2021	Rengo Co., Ltd.	Annual	Against	1.7,1.8	Lack of independence on board
29/06/2021	Resorttrust, Inc.	Annual	Against	4 5,6 2.2 3.2,3.3,3.4	Insufficient/poor disclosure Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board Lack of independence on boardLack of independent representation at board committees
29/06/2021	Rinnai Corp.	Annual	Against	2.1	Concerns related to approach to board gender diversity
29/06/2021	Sankyo Co., Ltd.	Annual	Against	2.1 2.5	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
29/06/2021	SBI Holdings, Inc.	Annual	All For		
29/06/2021	Sharp Corp.	Annual	Against	3,4 1.1	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity
29/06/2021	Shimizu Corp.	Annual	All For		
29/06/2021	Shin-Etsu Chemical Co., Ltd.	Annual	Against	3.3,3.4,3.5	Lack of independence on board
29/06/2021	SHIP HEALTHCARE HOLDINGS, INC.	Annual	Against	5.2,5.3 4.13	Concerns about overall board structure Lack of independence on board
29/06/2021	SMC Corp. (Japan)	Annual	All For		
29/06/2021	Sotetsu Holdings, Inc.	Annual	All For		
29/06/2021	Sumitomo Heavy Industries, Ltd.	Annual	Against	2.7,2.8 2.1	Lack of independence on board Lack of independence on boardConcerns related to approach to board gender diversity
29/06/2021	Sumitomo Mitsui Financial Group, Inc.	Annual	Against	2.9,2.13	Lack of independence on board
29/06/2021	Sumitomo Realty & Development Co., Ltd.	Annual	Against	2.1 2.10	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
29/06/2021	Taiheiyo Cement Corp.	Annual	Against	2.1,2.8	Lack of independence on board
29/06/2021	Taisho Pharmaceutical Holdings Co., Ltd.	Annual	Against	2.1 2.7	Concerns related to approach to board gender diversityLack of independence on board Lack of independence on board
29/06/2021	Taiyo Yuden Co., Ltd.	Annual	Against	2.1,2.7	Lack of independence on board
29/06/2021	Takara Holdings Inc.	Annual	Against	3.1,3.3	Concerns about overall board structure
29/06/2021	Takeda Pharmaceutical Co., Ltd.	Annual	Against	3.5	Concerns related to approach to board gender diversity
29/06/2021	TBS Holdings, Inc.	Annual	Against	2.1 2.7	Concerns related to approach to board gender diversityPoison pill/anti-takeover measure not in investors interests Lack of independence on board
29/06/2021	The Bank of Kyoto, Ltd.	Annual	Against	2.8	Lack of independence on board
29/06/2021	The Iyo Bank, Ltd.	Annual	Against	3.3	Lack of independence on board
29/06/2021	Toda Corp.	Annual	Against	4.9	Lack of independence on board
29/06/2021	Tokyo Electric Power Co. Holdings, Inc.	Annual	Against	1.1	Overboarded/Too many other time commitments and outside director nominee lacks independence
29/06/2021	Tokyo Gas Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
29/06/2021	Tokyu Corp.	Annual	Against	2.1,2.10,2.14	Lack of independence on board
29/06/2021	Toppan Printing Co., Ltd.	Annual	Against	2.1,2.7	Lack of independence on board
29/06/2021	Tsumura & Co.	Annual	All For		
29/06/2021	TV Asahi Holdings Corp.	Annual	All For		
29/06/2021	Ube Industries Ltd.	Annual	Against	4.1	Concerns related to approach to board gender diversity
29/06/2021	Ushio, Inc.	Annual	Against	2.5	Lack of independence on board
29/06/2021	Yamada Holdings Co., Ltd.	Annual	All For		
29/06/2021	Yamato Kogyo Co., Ltd.	Annual	Against	3.1 3.8	Concerns related to approach to board gender diversityInadequate management of climate-related risks Lack of independence on board
29/06/2021	ZEON Corp.	Annual	Against	2.1	Concerns related to approach to board gender diversity
30/06/2021	Far Eastern New Century Corp.	Annual	Against	3.1,3.11,3.13	
01/04/2021	OZ Minerals Ltd.	Annual	All For		
08/04/2021	Scentre Group	Annual	Against	6 2 3	Apparent failure to link pay and appropriate performance Apparent failure to link pay and appropriate performance. Concerns regarding Auditor tenure
14/04/2021	CIMIC Group Limited	Annual	Against	2 3.3 4	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Concerns related to shareholder rights
15/04/2021	Santos Limited	Annual	Against	2a 6b	Inadequate management of climate-related risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
15/04/2021	Woodside Petroleum Ltd.	Annual	Against	3,4 2a 5b	Apparent failure to link pay & appropriate performance Concerns regarding Auditor tenure SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
16/04/2021	Coca-Cola Amatil Ltd.	Court	All For		
22/04/2021	Dexus	Special	All For		
27/04/2021	Atlas Arteria Ltd.	Annual	Against	3,4 2 5,5	Apparent failure to link pay and appropriate performance Concerns regarding Auditor tenure Concerns to protect shareholder value
29/04/2021	Iluka Resources Limited	Annual	Against	3,4	Apparent failure to link pay and appropriate performance
30/04/2021	AMP Ltd.	Annual	Against	3	Apparent failure to link pay & appropriate performance
05/05/2021	QBE Insurance Group Limited	Annual	Against	2 4b	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
06/05/2021	Rio Tinto Limited	Annual	Against	2,3,4 12	 Concerns about overall performance
06/05/2021	TPG Telecom Ltd.	Annual	Against	2,6 3	Apparent failure to link pay and appropriate performance Overboarded/Too many other time commitments
13/05/2021	Ampol Limited	Annual	Against	2	
13/05/2021	The GPT Group	Annual	Against	3	Apparent failure to link pay & appropriate performance
21/05/2021	ADBRI Ltd.	Annual	Against	4 2	Apparent failure to link pay and appropriate performance Inadequate management of climate-related risks
21/05/2021	Sydney Airport	Annual	Against	1,4,5	Concerns about remuneration committee performance
25/05/2021	Alumina Limited	Annual	Against	3	Apparent failure to link pay & appropriate performance
27/05/2021	Spark Infrastructure Group	Annual	Against	1	Apparent failure to link pay and appropriate performance
28/05/2021	Appen Ltd.	Annual	Against	2,5 4	Apparent failure to link pay and appropriate performance Concerns related to Non-audit feesConcerns regarding Auditor tenure
18/06/2021	Woolworths Group Limited	Special	All For		
22/06/2021	Vocus Group Ltd.	Court	All For		
25/06/2021	CSR Limited	Annual	Against	3 5	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights
06/04/2021	Adani Ports & Special Economic Zone Ltd.	Special	All For		
07/04/2021	Schlumberger NV	Annual	Against	2 1.6 1.7	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity
08/04/2021	Gubre Fabrikalari TAS	Annual	Against	4,5 7,8	Concerns to protect shareholder value Insufficient/poor disclosure

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
08/04/2021	Home Product Center Public Co., Ltd.	Annual	All For		
08/04/2021	KrungThai Card Public Co. Ltd.	Annual	Against	8	Insufficient/poor disclosure
08/04/2021	PTT Exploration & Production Plc	Annual	Against	6.5 4	Concerns about overall performance Concerns related to Non-audit fees
08/04/2021	The Siam Commercial Bank Public Company Limite	Annual	All For		
09/04/2021	Guaranty Trust Bank Plc	Annual	Against	7 3.1	Insufficient/poor disclosure Lack of independence on board
09/04/2021	Koc Holding A.S.	Annual	Against	7 10,12	Concerns about reducing shareholder rights Insufficient/poor disclosure
09/04/2021	Krung Thai Bank Public Co., Ltd.	Annual	All For		
09/04/2021	PT United Tractors Tbk	Annual	Against	3 6	Insufficient disclosure of climate risks 2- Insufficient/poor disclosure Insufficient/poor disclosure
09/04/2021	PTT Public Co., Ltd.	Annual	Against	6	Insufficient/poor disclosure
11/04/2021	Emaar Properties PJSC	Annual	Abstain Against	10.1,10.2,10.3,10.4,10.5,10. 6,10.7,10.8,10.9,10.10,10.11 ,10.12,10.13,10.14,10.15,10. 16 14	Insufficient/poor disclosure Concerns related to shareholder rights
12/04/2021	Jardine Strategic Holdings Ltd.	Special	Against	1	Concerns to protect shareholder value
13/04/2021	Atacadao SA	Annual	Abstain Against	4,8,9.1,9.2,9.3,9.4,9.5,9.6,9. 7,9.8,9.9,9.10 13 7,12 6	Insufficient/poor disclosure Insufficient/poor disclosure Lack of independence on board
13/04/2021	Atacadao SA	Special	All For		
14/04/2021	Compania Cervecerias Unidas SA	Annual	Against	5 13	Inappropriate bundling of election of directors on a single voteInsufficient/poor disclosure Insufficient/poor disclosure
14/04/2021	Minth Group Limited	Special	All For		
14/04/2021	Petroleo Brasileiro SA	Annual	Against	3.3	
14/04/2021	Petroleo Brasileiro SA	Annual	Against	1	
14/04/2021	Ultrapar Participacoes SA	Annual	Abstain Against	6,7.1,7.2,7.3,7.4,7.5,7.6,7.7, 7.8,7.9,7.10,7.11 4 5	Insufficient/poor disclosure Concerns related to approach to board diversity Insufficient/poor disclosure
14/04/2021	Ultrapar Participacoes SA	Special	All For		
15/04/2021	Arca Continental SAB de CV	Annual	Against	4,5	Insufficient/poor disclosure
15/04/2021	International Container Terminal Services, Inc.	Annual	Abstain	4.4,4.6,4.7 4.5 4.2	Lack of independence on board Lack of independence on boardConcerns related to approach to board diversity Overboarded/Too many other time commitments
15/04/2021	MicroPort Scientific Corp.	Special	Against	1	Apparent failure to link pay and appropriate performance
15/04/2021	Petrobras Distribuidora SA	Annual	Abstain	4.1	Concerns about candidate's experience/skills
15/04/2021	Telefonica Brasil SA	Annual	All For		
15/04/2021	TURKCELL Iletisim Hizmetleri AS	Annual	Against	8,9	Insufficient/poor disclosure
16/04/2021	Grasim Industries Ltd.	Court	All For		
19/04/2021	Electricity Generating Public Co., Ltd.	Annual	Against	5 8	Concerns related to Non-audit fees Insufficient/poor disclosure
20/04/2021	Carnival Corporation	Annual	Against	10	Concerns related to board ethnic and/or racial diversity
20/04/2021	TOTVS SA	Annual	All For		
20/04/2021	TOTVS SA	Special	Against	1 11	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
21/04/2021	Komercni banka, a.s.	Annual	Against	11.2,11.3,11.4	Lack of independence on board
21/04/2021	MISC Bhd.	Annual	All For		
22/04/2021	Maxis Bhd.	Annual	Against	1,2 5	Concerns about overall performance Concerns related to Non-audit fees
22/04/2021	Minor International Public Co., Ltd.	Annual	All For		
22/04/2021	PT Astra International Tbk	Annual	All For		
22/04/2021	Zhejiang Supor Co., Ltd.	Annual	Against	8	Concerns to protect shareholder value

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
23/04/2021	Cencosud SA	Annual/Special	Against	b k,b,c	Concerns to protect shareholder value Insufficient/poor disclosure
23/04/2021	CP All Public Co. Ltd.	Annual	Against	4.2 4.3	Concerns about candidate's experience/skills Concerns about overall performance
23/04/2021	Gruma SAB de CV	Annual	All For		
23/04/2021	Gruma SAB de CV	Special	Against	2	Concerns related to shareholder rights
23/04/2021	Grupo Financiero Banorte SAB de CV	Annual	Against	4.a1 4.a10,4.a13	Concerns related to board gender diversity Overboarded/Too many other time commitments
23/04/2021	Grupo Financiero Banorte SAB de CV	Special	All For		
23/04/2021	Powszechna Kasa Oszczednosci Bank Polski SA	Special	All For		
23/04/2021	Sberbank Russia PJSC	Annual	Against	4.3,4.4,4.5,4.6,4.7,4.10,4.11, 4.12,4.13	
23/04/2021	Sberbank Russia PJSC	Annual	Against	4.3,4.4,4.5,4.6,4.7,4.10,4.11, 4.12,4.13	
26/04/2021	America Movil SAB de CV	Annual	Against	2.2b,2.2e,2.2i,2.2j,2.2k 2.2d 4.2a,4.2b	Lack of independence on board Lack of independence on board Overboarded/Too many other time commitments Lack of independent representation at board committees
26/04/2021	America Movil SAB de CV	Special	Against	1.1,1.2,2	Lack of independence on board 2- Overboarded/Too many other time commitments
26/04/2021	Saudi Telecom Co.	Annual	Abstain	5.1,5.2,5.3,5.4,5.5,5.6,5.7,5. 8,5.9,5.10,5.11,5.12,5.13,5.1 4,5.15,5.16,5.17,5.18,5.19,5. 20,5.21,5.22,5.23,5.24,5.25, 5.26,5.27,5.28,5.29,5.30,5.3 1,5.32,5.33,5.34,5.35	Insufficient/poor disclosure
26/04/2021	SITC International Holdings Co., Ltd.	Annual	Against	12,13	Issue of capital raises concerns about excessive dilution of existing shareholders
27/04/2021	Centrais Eletricas Brasileiras SA	Annual	Abstain Against	9.1,9.2,9.3 3,5,6.1,6.2,6.3,6.4,6.5,6.6,6. 7 7,10 4.1,4.2,4.3,4.4,4.6,4.7	Cumulative/slate voting in favour of individual candidates/slates Insufficient/poor disclosure Lack of independence on board
27/04/2021	China Medical System Holdings Ltd.	Annual	Against	5,7	Issue of equity raises concerns about excessive dilution of existing shareholders
27/04/2021	Falabella SA	Annual	All For		
27/04/2021	Huaxin Cement Co., Ltd.	Annual	All For		
27/04/2021	Itau Unibanco Holding SA	Annual	Against	3	
27/04/2021	Suzano SA	Annual	All For		
27/04/2021	Suzano SA	Special	All For		
28/04/2021	Banco del Bajio SA	Annual	All For		
28/04/2021	BIM Birlesik Magazalar AS	Annual	All For		
28/04/2021	Bumrungrad Hospital Public Co., Ltd.	Annual	Against	11 5.1,6,7	Insufficient/poor disclosure Lack of independence on board
28/04/2021	Companhia Brasileira de Distribuicao	Annual	Against	3	Apparent failure to link pay and appropriate performance
28/04/2021	Companhia Brasileira de Distribuicao	Special	Against	2	Concerns to protect shareholder value
28/04/2021	Empresas Copec SA	Annual	Against	3	Insufficient/poor disclosure
28/04/2021	Enel Chile SA	Annual	Against	14	Insufficient/poor disclosure
28/04/2021	Golden Agri-Resources Ltd	Annual	Against	4 9 7	Concerns related to board gender diversity Issue of capital raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitments
28/04/2021	Grupo Televisa SAB	Annual	Against	9.3,9.5,9.6	Overboarded/Too many other time commitments
28/04/2021	Grupo Televisa SAB	Annual/Special	Against	1.1,9.3,9.5,9.6	Overboarded/Too many other time commitments
28/04/2021	Grupo Televisa SAB	Special	All For		
28/04/2021	Herbalife Nutrition Ltd.	Annual	All For		
28/04/2021	JBS SA	Annual	Abstain Against	4,5,7,8.1,8.2,8.3,8.4,8.5,8.6, 8.7,8.8,8.9,10 6.1,6.2,6.3,6.6,6.9,11.1,11.2, 11.3 12	 Concerns about overall board structure Insufficient/poor disclosure
28/04/2021	JBS SA	Special	Against	1,2	Insufficient basis to support a decision

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/04/2021	Lancashire Holdings Ltd.	Annual	Against	2 14,15,16,17	Apparent failure to link pay & appropriate performance Issue of capital raises concerns about excessive dilution of existing shareholders
28/04/2021	MONETA Money Bank, a.s.	Annual	All For		
28/04/2021	Moscow Exchange MICEX-RTS PJSC	Annual	Against	3.8 3.5,3.7,3.10,3.11	Concerns related to approach to board gender diversity Cumulative/slate voting in favour of individual candidates/slates
28/04/2021	Nestle (Malaysia) Bhd.	Annual	All For		
28/04/2021	NICE Ltd. (Israel)	Annual	Against	A,B1,B2	Administrative declaration
28/04/2021	Sendas Distribuidora SA	Annual	All For		
28/04/2021	Sendas Distribuidora SA	Special	Against	1	Concerns to protect shareholder value
28/04/2021	YDUQS Participacoes SA	Annual	Abstain Against	8 7	
28/04/2021	YDUQS Participacoes SA	Special	All For		
29/04/2021	Ambev SA	Annual	Abstain Against	3 5 6	Cumulative/slate voting in favour of individual candidates/slates Apparent failure to link pay and appropriate performance
29/04/2021	Ambev SA	Special	All For		
29/04/2021	B3 SA-Brasil, Bolsa, Balcao	Annual	Abstain Against	6,7.1,7.2,7.3,7.4,7.5,7.6,7.7, 7.8,7.9,7.10,7.11,8 5,12	
29/04/2021	BB Seguridade Participacoes SA	Annual	Abstain Against	4,5.1,5.2,5.3,5.4,5.5,5.6,10 3.7 3.2 3.5,3.6 3.1	 Lack of independence on board Lack of independence on board Lack of independence on board Concerns related to board gender diversity
29/04/2021	BB Seguridade Participacoes SA	Special	Against	7,8	
29/04/2021	Bradespar SA	Annual	Against	1.2,4	
29/04/2021	Coca-Cola Icecek AS	Annual	Against	8	Insufficient/poor disclosure
29/04/2021	Empresas CMPC SA	Annual	Against	g	Insufficient/poor disclosure
29/04/2021	Grupo Financiero Inbursa SAB de CV	Annual	Against	3,5	Insufficient/poor disclosure
29/04/2021	Hindustan Unilever Limited	Special	Against	2	Apparent failure to link pay and appropriate performance
29/04/2021	Hualan Biological Engineering, Inc.	Annual	Against	6	Concerns to protect shareholder value
29/04/2021	Industrias Penoles SAB de CV	Annual/Special	Against	4,5,1	Insufficient/poor disclosure
29/04/2021	Lojas Renner SA	Annual	Abstain	4	Insufficient/poor disclosure
29/04/2021	Megacable Holdings SAB de CV	Annual	Against	8,9,10	Insufficient/poor disclosure
29/04/2021	Novolipetsk Steel	Annual	Against	4.10 4.1,4.3,4.7,4.9,4.11	Concerns related to approach to board gender diversity Cumulative/slate voting in favour of individual candidates/slates
29/04/2021	Postal Savings Bank of China Co., Ltd.	Special	Against	5,6,7	Concerns related to board gender diversity
29/04/2021	Transmissora Alianca de Energia Eletrica SA	Annual	Abstain Against	8.1,8.2,8.3 3,5,6.1,6.2,6.3,6.4,6.5,6.6,6. 7,6.8,6.9,6.10,6.11,6.12,6.13 10,12 13 4.1,4.3,4.4,4.5,4.8,4.9,4.10,4 .11 4.7	Cumulative/slate voting in favour of individual candidates/slates Insufficient/poor disclosure Apparent failure to link pay and appropriate performance Lack of independence on board Lack of independence on boardConcerns related to approach to board gender diversity
30/04/2021	Budweiser Brewing Co. APAC Ltd.	Annual	Against	8,9,10,11 6,7	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders
30/04/2021	Grupo Mexico S.A.B. de C.V.	Annual	Against	7	Concerns related to board gender diversity 2- Insufficient/poor disclosure 3- Lack of independence on board
30/04/2021	Itausa SA	Annual	Against	6	
30/04/2021	Lee & Man Paper Manufacturing Limited	Annual	Against	3 4 10,12	Inadequate management of climate-related risksConcerns related to succession planning Inadequate management of climate-related risksConcerns related to succession planningConcerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
30/04/2021	Oil Search Ltd.	Annual	Against	2,6 8	 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
30/04/2021	Raia Drogasil SA	Annual	Abstain Against	11 4,7,8.1,8.2,8.3,8.4,8.5,8.6,8. 7,8.8,8.9,8.10,8.11 13 6,12	Cumulative/slate voting in favour of individual candidates/slates Insufficient/poor disclosure Insufficient/poor disclosure
30/04/2021	Raia Drogasil SA	Special	All For		
30/04/2021	Vale SA	Annual	Abstain Against	4,7.7 5.16,7.16 5.7 13	 Concerns about candidate's experience/skills Insufficient/poor disclosure
30/04/2021	Vale SA	Special	All For		
04/05/2021	Plus500 Ltd.	Annual	Against	A 11,15,16	 Apparent failure to link pay & appropriate performance
05/05/2021	Bunge Limited	Annual	Against	6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
05/05/2021	Dairy Farm International Holdings Ltd.	Annual	Against	1	Lack of independent representation at board committeesInsufficient/poor disclosure
05/05/2021	Hongkong Land Holdings Ltd.	Annual	Abstain Against	7 1	Concerns related to inappropriate membership of committees Lack of independent representation at board committeesInsufficient/poor disclosure
05/05/2021	IHS Markit Ltd.	Annual	Against	2 1g	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
05/05/2021	RenaissanceRe Holdings Ltd.	Annual	Against	2	Apparent failure to link pay and appropriate performance
06/05/2021	Arch Capital Group Ltd.	Annual	Against	2 1a,1b,1c	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns related to approach to board gender diversity
06/05/2021	Jardine Matheson Holdings Ltd.	Annual	Against	4,5 6 1	Concerns about overall board structure Lack of independence on board Inadequate management of climate-related risks Concerns about overall board structure Lack of independence on board Lack of independent representation at board committees Concerns related to inappropriate membership of committees Insufficient/poor disclosure
06/05/2021	Lomon Billions Group Co., Ltd.	Annual	All For		
06/05/2021	Malayan Banking Bhd.	Annual	All For		
06/05/2021	Saudi National Bank	Annual	Abstain Against	14.1,14.2,14.3,14.4,14.5,14. 6,14.7,14.8,14.9,14.10,14.12 ,14.13,14.14,14.15,14.16,14. 17,14.18,14.19,14.20,14.21, 14.22,14.23 13,15,28	Insufficient/poor disclosure Insufficient/poor disclosure
06/05/2021	Wharf Real Estate Investment Co. Ltd.	Annual	Against	2a,2b,2c,2d 5,6	Concerns related to board gender diversity Issue of capital raises concerns about excessive dilution of existing shareholders
07/05/2021	ANTA Sports Products Ltd.	Annual	Against	5 9,11	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
07/05/2021	China CITIC Bank Corporation Limited	Special	Against	2	Concerns related to shareholder rights
07/05/2021	Nestle India Ltd.	Annual	All For		
07/05/2021	Yantai Jereh Oilfield Services Group Co. Ltd.	Annual	Against	8	Insufficient/poor disclosure
10/05/2021	B3 SA-Brasil, Bolsa, Balcao	Special	Against	8,9,12	
10/05/2021	ENN Energy Holdings Ltd.	Annual	Against	3a1	Concerns related to approach to board gender diversity
10/05/2021	Hutchison Telecommunications Hong Kong Holdings	Annual	Against	3c	Lack of independence on board
10/05/2021	Tenaga Nasional Bhd.	Annual	Against	10,11 1,2	Apparent failure to link pay and appropriate performance Inadequate management of climate-related risks
11/05/2021	ASM Pacific Technology Limited	Annual	All For		
11/05/2021	Jiangsu Hengrui Pharmaceuticals Co., Ltd.	Annual	All For		
11/05/2021	Lifestyle International Holdings Limited	Annual	Against	4B,4C	Issue of capital raises concerns about excessive dilution of existing shareholders
11/05/2021	PPB Group Bhd.	Annual	All For		
12/05/2021	Beijing Sinnet Technology Co., Ltd.	Annual	Against	8.2,8.3,8.4,8.5,8.6,8.7	Insufficient/poor disclosure
12/05/2021	China Tower Corp. Ltd.	Annual	Against	5 7	Concerns related to shareholder rights Issue of equity raises concerns about excessive dilution of existing shareholders

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
12/05/2021	CK Infrastructure Holdings Limited	Annual	Against	4 3.5 3.4 3.2	Concerns related to Non-audit fees Concerns related to succession planning Inadequate management of climate-related risksConcerns related to Non-audit feesConcerns related to succession planning Overboarded/Too many other time commitments
12/05/2021	Everest Re Group, Ltd.	Annual	Against	3 1.1 1.3	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
12/05/2021	Vinda International Holdings Limited	Annual	Against	5,7	Issue of equity raises concerns about excessive dilution of existing shareholders
12/05/2021	Zhejiang Supor Co., Ltd.	Special	All For		
13/05/2021	Anglo American Platinum Ltd.	Annual	Against	7.2	Apparent failure to link pay and appropriate performance
13/05/2021	CK Asset Holdings Limited	Annual	Against	3.4,3.5,4	Concerns related to Non-audit fees
13/05/2021	CK Asset Holdings Limited	Special	All For		
13/05/2021	CK Hutchison Holdings Ltd.	Annual	Against	3f	Lack of independence on board
13/05/2021	Hiscox Ltd.	Annual	All For		
14/05/2021	AAC Technologies Holdings, Inc.	Annual	Against	3b,5,7	
14/05/2021	China National Building Material Co., Ltd.	Annual	Against	3 8 7	Inadequate management of climate-related risks Insufficient/poor disclosure Issue of equity raises concerns about excessive dilution of existing shareholders
14/05/2021	Focus Media Information Technology Co., Ltd.	Annual	Against	7,8	Concerns to protect shareholder value
14/05/2021	Kumba Iron Ore Ltd.	Annual	Against	4.2	Apparent failure to link pay and appropriate performance
14/05/2021	Yantai Jereh Oilfield Services Group Co. Ltd.	Special	All For		
17/05/2021	Hengan International Group Co., Ltd.	Annual	Against	14 10 8 11,13 7	Apparent failure to link pay & appropriate performance Concerns related to Non-audit fees Concerns related to board gender diversity and concerns related to Non-audit fees Issue of capital raises concerns about excessive dilution of existing shareholders Lack of independence on board and concerns related to Non-audit fees
17/05/2021	Lomon Billions Group Co., Ltd.	Special	Against	1,2,3	Concerns to protect shareholder value
17/05/2021	Macau Legend Development Ltd.	Annual	Against	2 11,12	Combined CEO/Chairman Issue of equity raises concerns about excessive dilution of existing shareholders
18/05/2021	DiGi.com Bhd.	Annual	All For		
18/05/2021	Huabao International Holdings Ltd.	Annual	Against	3a 5A,5C 3b 3c	Combined CEO/Chair Issue of capital raises concerns about excessive dilution of existing shareholders Lack of independence on board Overboarded/Too many other time commitments
18/05/2021	Luxshare Precision Industry Co. Ltd.	Annual	Against	9	Insufficient/poor disclosure
19/05/2021	MMC Norilsk Nickel PJSC	Annual	Against	5.1,5.2,5.3,5.4,5.6,5.7,5.9,5.10,5.11,5.13 9	Apparent failure to link pay & appropriate performance
20/05/2021	Bank of China Ltd.	Annual	All For		
20/05/2021	Inner Mongolia Yili Industrial Group Co., Ltd.	Annual	Against	11 14,15	Concerns related to shareholder rights Insufficient/poor disclosure
20/05/2021	Tencent Holdings Ltd.	Annual	Against	3a,5,7	
20/05/2021	Tencent Holdings Ltd.	Special	Against	1	
21/05/2021	China Resources Gas Group Limited	Annual	Against	3.1,3.3,5A,5C	
21/05/2021	Compania de Minas Buenaventura SAA	Special	All For		
21/05/2021	Dian Diagnostics Group Co. Ltd.	Annual	All For		
21/05/2021	Hangzhou Tigermed Consulting Co., Ltd.	Annual	All For		
21/05/2021	Hangzhou Tigermed Consulting Co., Ltd.	Special	All For		
21/05/2021	Kingdee International Software Group Co., Ltd.	Annual	Against	4 2A 5A,5C 2B,2C,2D	Concerns related to Non-audit fees Concerns related to approach to board gender diversityCombined CEO/Chairman Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board
21/05/2021	Midea Group Co. Ltd.	Annual	All For		
21/05/2021	Old Mutual Ltd.	Annual	All For		
21/05/2021	Sands China Ltd.	Annual	Against	2a 5,6	Concerns related to approach to board gender diversityCombined CEO/Chairman Issue of equity raises concerns about excessive dilution of existing shareholders

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
21/05/2021	Severstal PAO	Annual	Against	1.1,1.2,1.3,1.4,1.5,1.6,1.7	
21/05/2021	Uni-President China Holdings Ltd.	Annual	Against	3c 6,8 3b	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board
21/05/2021	Weichai Power Co., Ltd.	Special	Against	12	Insufficient/poor disclosure
23/05/2021	Israel Discount Bank Ltd.	Annual	Abstain Against	3.4,4.2 A,B1,B2	Administrative declaration Administrative declaration
24/05/2021	Geely Automobile Holdings Limited	Annual	Against	3 5 4	Concerns related to board gender diversity Concerns related to inappropriate membership of committees Lack of independence on board Concerns related to inappropriate membership of committees Lack of independence on board Inadequate management of climate-related risks Lack of independence on board
24/05/2021	Grupo Televisa SAB	Special	All For		
24/05/2021	Grupo Televisa SAB	Special	All For		
25/05/2021	Anadolu Efes Biracilik ve Malt Sanayii A.S.	Annual	Against	10 8	Concerns about reducing shareholder rights Insufficient/poor disclosure
25/05/2021	CD Projekt SA	Annual	Against	24 21 22.1,22.2,22.3,22.4,22.5	 Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
25/05/2021	China Petroleum & Chemical Corporation	Annual	Against	7,8	
25/05/2021	NARI Technology Co., Ltd.	Annual	Against	8	Concerns to protect shareholder value
25/05/2021	PhosAgro PJSC	Annual	Against	4.9 4.1,4.3,4.4,4.5,4.6,4.8,4.10,4.12,4.13,4.14,4.15,4.16	Concerns related to approach to board gender diversityCumulative/slate voting in favour of individual candidates/slates Cumulative/slate voting in favour of individual candidates/slates
25/05/2021	RHB Bank Bhd.	Annual	All For		
25/05/2021	Sunny Optical Technology (Group) Co., Ltd.	Annual	Against	3b 5 7	Concerns related to approach to board gender diversity Insufficient/poor disclosure Issue of equity raises concerns about excessive dilution of existing shareholders
26/05/2021	Kerry Logistics Network Ltd.	Annual	Against	8A 8C	Insufficient/poor disclosure Issue of equity raises concerns about excessive dilution of existing shareholders
26/05/2021	Kerry Logistics Network Ltd.	Special	All For		
26/05/2021	Kunlun Energy Co. Ltd.	Annual	Against	7,9	Issue of capital raises concerns about excessive dilution of existing shareholders
27/05/2021	Agricultural Bank of China Limited	Annual	All For		
27/05/2021	Huaxin Cement Co., Ltd.	Special	Against	2	Concerns related to shareholder rights
27/05/2021	Kerry Properties Limited	Annual	Against	5 3b,3c 6A,6C	Concerns related to Non-audit fees Concerns related to approach to board gender diversityConcerns related to Non-audit fees Issue of equity raises concerns about excessive dilution of existing shareholders
27/05/2021	Kerry Properties Limited	Special	All For		
27/05/2021	MGM China Holdings Limited	Annual	Against	4,6 2A1	Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independent representation at board committees
27/05/2021	NagaCorp Ltd.	Annual	Against	4 7A,7C	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
27/05/2021	Polski Koncern Naftowy ORLEN SA	Annual	Against	19 16.1	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
27/05/2021	Polyus PJSC	Annual	Against	3.1 3.2,3.4,3.5,3.6,3.8 4	Concerns related to approach to board gender diversity Cumulative/slate voting in favour of individual candidates/slates Insufficient/poor disclosure
27/05/2021	PT Unilever Indonesia Tbk	Annual	All For		
27/05/2021	Shui On Land Ltd.	Annual	Against	4A,4C 2b	Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitments
27/05/2021	Smoore International Holdings Ltd.	Annual	Against	3a 6,7	Concerns related to approach to board gender diversityCombined CEO/Chairman Issue of equity raises concerns about excessive dilution of existing shareholders
27/05/2021	Standard Bank Group Ltd.	Annual	Against	1.2	Concerns about overall performance
27/05/2021	Towngas China Co. Ltd.	Annual	Against	2b,2c 6,7	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
27/05/2021	Wynn Macau Ltd.	Annual	Against	8 6,7 2c	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitments
28/05/2021	Anhui Conch Cement Company Limited	Annual	Against	3 8	Inadequate management of climate-related risks Issue of equity raises concerns about excessive dilution of existing shareholders

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/05/2021	Chailease Holding Co., Ltd.	Annual	All For		
28/05/2021	China Pacific Insurance (Group) Co., Ltd.	Annual	Against	13	Issue of equity raises concerns about excessive dilution of existing shareholders
28/05/2021	Country Garden Services Holdings Co. Ltd.	Annual	Against	5,7	Issue of equity raises concerns about excessive dilution of existing shareholders
28/05/2021	FIH Mobile Ltd.	Annual	Against	12,13 7,8,9 2	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitmentsConcerns about overall performance
28/05/2021	Haitong International Securities Group Limited	Annual	Against	2a 5.1,5.3 2c	Concerns related to approach to board gender diversityLack of independence on board Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board
28/05/2021	Haitong International Securities Group Limited	Special	All For		
28/05/2021	JS Global Lifestyle Co. Ltd.	Annual	Against	2a 6,7	Combined CEO/Chairman Issue of equity raises concerns about excessive dilution of existing shareholders
28/05/2021	JS Global Lifestyle Co. Ltd.	Special	Against	1,2,3,4	Concerns to protect shareholder value
28/05/2021	PT Telkom Indonesia (Persero) Tbk	Annual	Against	6,8	Insufficient/poor disclosure
28/05/2021	Shangri-La Asia Limited	Annual	Against	5A,5C	
28/05/2021	Shenzhou International Group Holdings Ltd.	Annual	Against	10,12	
28/05/2021	Tsingtao Brewery Co., Ltd.	Special	All For		
28/05/2021	Xinyi Energy Holdings Ltd.	Annual	Against	5B,5C	Issue of equity raises concerns about excessive dilution of existing shareholders
28/05/2021	Xinyi Glass Holdings Ltd.	Annual	Against	3A4 5B,5C	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
28/05/2021	Yue Yuen Industrial (Holdings) Limited	Annual	Against	4A,4C	
31/05/2021	China Yangtze Power Co., Ltd.	Annual	Against	7	Concerns to protect shareholder value
31/05/2021	Minth Group Limited	Annual	Against	11,13 4,7	Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitments
31/05/2021	Shenzhen YUTO Packaging Technology Co., Ltd.	Annual	Against	8,9	Insufficient/poor disclosure
01/06/2021	Lomon Billions Group Co., Ltd.	Special	All For		
01/06/2021	Saudi Telecom Co.	Ordinary Shareholders	All For		
01/06/2021	WH Group Ltd. (HK)	Annual	Against	2a 7,8	Inadequate management of climate-related risks Issue of capital raises concerns about excessive dilution of existing shareholders
02/06/2021	China Mengniu Dairy Co., Ltd.	Annual	Against	4 3b 3c 6	 Concerns related to Non-audit fees Concerns related to board gender diversity Insufficient/poor disclosure
02/06/2021	ESR Cayman Ltd.	Annual	Against	2d 7,8 4,6	Concerns related to approach to board gender diversity Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
02/06/2021	Royal Caribbean Group	Annual	Against	2 1j 1c 5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to succession planning Shareholder proposal promotes transparency
02/06/2021	United Energy Group Limited	Annual	Against	4,5 8a,8c	Concerns related to succession planning Issue of equity raises concerns about excessive dilution of existing shareholders
04/06/2021	Wipro Limited	Special	All For		
07/06/2021	KGHM Polska Miedz SA	Annual	Against	14 13.a,13.b,13.c	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
07/06/2021	LONGi Green Energy Technology Co., Ltd.	Annual	All For		
07/06/2021	Powszechna Kasa Oszczednosci Bank Polski SA	Annual	Against	9.g 10.1,10.2,11,12	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
07/06/2021	Sino Biopharmaceutical Limited	Annual	Against	11A,11C	Issue of equity raises concerns about excessive dilution of existing shareholders
07/06/2021	Tingyi (Cayman Islands) Holding Corp.	Annual	Against	8,10 6	 Proposed term in policy exceeds appropriate limit Lack of independence on board Concerns related to board gender diversity
08/06/2021	BYD Company Limited	Annual	Against	1,2,3,4 7,13 9,10	Inadequate management of climate-related risks Insufficient/poor disclosure Issue of equity raises concerns about excessive dilution of existing shareholders
08/06/2021	China Resources Mixc Lifestyle Services Limited	Annual	Against	3.6 6,7	Concerns related to attendance at board or committee meetings Issue of equity raises concerns about excessive dilution of existing shareholders
08/06/2021	CIFI Holdings (Group) Co. Ltd.	Annual	Against	3.1,5,7	

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
08/06/2021	Nexteer Automotive Group Limited	Annual	Against	3a3 5A,5C	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
08/06/2021	Shimao Group Holdings Limited	Annual	Against	3.3,3.4	Concerns related to succession planning
09/06/2021	China Resources Land Limited	Annual	Against	3.6 6,7 3.5	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders Overboarded/Too many other time commitments
09/06/2021	Kweichow Moutai Co., Ltd.	Annual	All For		
10/06/2021	First Pacific Co. Ltd.	Annual	Against	4.1	
10/06/2021	Magnit PJSC	Annual	Against	6 4.10 4.1.4.2,4.3,4.4.4.7	Concerns related to Non-audit fees Concerns related to approach to board gender diversity Cumulative/slate voting in favour of individual candidates/slates
10/06/2021	PetroChina Company Limited	Annual	Against	3 7	Inadequate management of climate-related risks Insufficient/poor disclosure
10/06/2021	Sinopharm Group Co., Ltd.	Annual	Against	8,11	
10/06/2021	Sinopharm Group Co., Ltd.	Special	All For		
10/06/2021	Tata Consultancy Services Limited	Annual	Against	3	Overboarded/Too many other time commitments
11/06/2021	BANK POLSKA KASA OPIEKI SA	Annual	Against	13	Apparent failure to link pay and appropriate performance
11/06/2021	China Minsheng Banking Corp., Ltd.	Annual	Against	12 11	Concerns related to shareholder rights Issue of equity raises concerns about excessive dilution of existing shareholders
11/06/2021	China Minsheng Banking Corp., Ltd.	Special	All For		
11/06/2021	Li Ning Company Limited	Annual	Against	3.1a 3.1c	Combined CEO/Chairman Inadequate management of climate-related risks Concerns related to approach to board gender diversity
11/06/2021	Mail.ru Group Ltd.	Annual	Against	2.1,2.7,2.8	Lack of independent representation at board committees
11/06/2021	Novolipetsk Steel	Special	All For		
11/06/2021	Yantai Jereh Oilfield Services Group Co. Ltd.	Special	All For		
14/06/2021	O2 Czech Republic as	Annual	Against	6	Apparent failure to link pay and appropriate performance
15/06/2021	Interconexion Electrica SA ESP	Extraordinary Shareholders	All For		
16/06/2021	ALROSA PJSC	Annual	Against	8.4,8.5,8.6,8.7,8.9,8.10,8.11, 8.13,8.14,8.15 8.2 6,7	Cumulative/slate voting in favour of individual candidates/slates Cumulative/slate voting in favour of individual candidates/slatesConcerns related to approach to board gender diversity Performance-related pay/awards for non-executives
16/06/2021	BeiGene, Ltd.	Annual	Against	12,13,14,15 1 17	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board gender diversity Concerns to protect shareholder value
16/06/2021	BYD Company Limited	Extraordinary Shareholders	Against	11	Concerns to protect shareholder value
16/06/2021	Longfor Group Holdings Ltd.	Annual	Against	3.1 3.2 5,7	Concerns about overall board structure Concerns related to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
16/06/2021	Powszechny Zaklad Ubezpieczen SA	Annual	Against	17 19.1,19.2	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
17/06/2021	NARI Technology Co., Ltd.	Special	All For		
18/06/2021	Dino Polska SA	Annual	Against	12 14.1,14.2,14.3,14.4,15	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
18/06/2021	Haitong Securities Co., Ltd.	Annual	Against	1	Issue of equity raises concerns about excessive dilution of existing shareholders
18/06/2021	People's Insurance Co. (Group) of China Ltd.	Annual	Against	6,11,14	Concerns related to approach to board gender diversity
18/06/2021	PICC Property & Casualty Co., Ltd.	Annual	Against	11	Issue of capital raises concerns about excessive dilution of existing shareholders
18/06/2021	Zhongsheng Group Holdings Ltd.	Annual	Against	5 10,11	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
19/06/2021	Infosys Limited	Annual	All For		
19/06/2021	Infosys Limited	Annual	All For		
21/06/2021	Industrial and Commercial Bank of China Limited	Annual	All For		
21/06/2021	Polskie Gornictwo Naftowe i Gazownictwo SA	Annual	Against	12 10.1,10.5 10.2,10.3,10.4	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure Lack of independence on board
22/06/2021	Hindustan Unilever Limited	Annual	All For		
22/06/2021	MONETA Money Bank, a.s.	Special	Against	3,4	Concerns to protect shareholder value
22/06/2021	PhosAgro PJSC	Special	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
22/06/2021	Shanghai International Airport Co., Ltd.	Annual	All For		
22/06/2021	Wal-Mart de Mexico SAB de CV	Extraordinary Shareholders	Against	2	Insufficient/poor disclosure
23/06/2021	China Railway Group Limited	Annual	Against	11	Insufficient/poor disclosure
23/06/2021	JD.com, Inc.	Annual	All For		
23/06/2021	Meituan	Annual	Against	6,8	
23/06/2021	NetEase, Inc.	Annual	Against	1c,1d,1f 1b	 Concerns related to succession planning
23/06/2021	NetEase, Inc.	Annual	Against	1c,1d,1f 1b	 Concerns related to succession planning
24/06/2021	China CITIC Bank Corporation Limited	Annual	All For		
24/06/2021	Cyfrowy Polsat SA	Annual	Against	14,18.2,18.3,18.4,18.5,18.6, 18.7,18.8,18.9	Insufficient/poor disclosure
24/06/2021	Lomon Billions Group Co., Ltd.	Special	All For		
24/06/2021	MicroPort Scientific Corp.	Annual	Against	3.1 3.3 9,10 7,8	Combined CEO/Chairman Concerns related to approach to board gender diversity Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
24/06/2021	Oil Co. LUKOIL PJSC	Annual	Against	2.1,2.2,2.8,2.9 2.4	 Concerns related to board gender diversity 2- Cumulative/slate voting in favour of individual candidates/slates 3- Inadequate management of climate-related risks
24/06/2021	Oil Co. LUKOIL PJSC	Annual	All For		
24/06/2021	Oil Co. LUKOIL PJSC	Annual	Against	2.1,2.2,2.8,2.9 2.4	 Cumulative/slate voting in favour of individual candidates/slates 2- Inadequate management of climate-related risks 3- Concerns related to board gender diversity
24/06/2021	Reliance Industries Ltd.	Annual	Against	5 3.4	Concerns related to board gender diversity Lack of independence on board
25/06/2021	China Conch Venture Holdings Ltd.	Annual	Against	3c 6.7	Concerns related to approach to board gender diversityConcerns about candidate's experience/skills Issue of equity raises concerns about excessive dilution of existing shareholders
25/06/2021	China Construction Bank Corporation	Annual	All For		
25/06/2021	China Merchants Bank Co., Ltd.	Annual	Against	14 8,9	 Concerns related to board gender diversity
25/06/2021	China Shenhua Energy Company Limited	Annual	Against	8 9 7 1,2,3	Concerns related to board gender diversity Concerns related to shareholder rights Concerns to protect shareholder value Inadequate management of climate-related risks
25/06/2021	China Shenhua Energy Company Limited	Special	All For		
25/06/2021	FIT Hon Teng Limited	Annual	Against	2A1,2A3 4A,4C	Concerns related to approach to board gender diversity Issue of equity raises concerns about excessive dilution of existing shareholders
25/06/2021	Haier Smart Home Co., Ltd.	Annual	Against	11,12,21,25,26	
25/06/2021	Haier Smart Home Co., Ltd.	Special	All For		
25/06/2021	Midea Group Co. Ltd.	Special	All For		
25/06/2021	Parade Technologies, Ltd.	Annual	All For		
25/06/2021	Tatneft PJSC	Annual	Against	4.1,4.2,4.4,4.5,4.6,4.7,4.8,4. 9,4.10,4.11,4.12,4.13,4.14	
28/06/2021	CEZ as	Annual	Against	9 3.1,3.2,3.3 7,8	Apparent failure to link pay & appropriate performance 2- Insufficient/poor disclosure Inadequate management of climate-related risks Insufficient/poor disclosure
28/06/2021	Inner Mongolia Yili Industrial Group Co., Ltd.	Special	All For		
28/06/2021	Pick N Pay Stores Limited	Annual	Against	2,1	Apparent failure to link pay and appropriate performance
28/06/2021	Saudi National Bank	Ordinary Shareholders	All For		
28/06/2021	Tsingtao Brewery Co., Ltd.	Annual	Against	7.7	Concerns related to approach to board gender diversity
28/06/2021	Weichai Power Co., Ltd.	Annual	Against	14a,14b,14c,14d,14e 6	Concerns related to Non-audit fees Insufficient/poor disclosure
29/06/2021	Aselsan Elektronik Sanayi ve Ticaret AS	Annual	Against	7,8,9,12,13	Insufficient/poor disclosure
29/06/2021	Asian Paints Ltd.	Annual	Against	8,9,10,11 3,4	Apparent failure to link pay and appropriate performance Lack of independence on board
29/06/2021	Bank of Communications Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
29/06/2021	China Longyuan Power Group Corp. Ltd.	Extraordinary Shareholders	Against	1	Concerns related to approach to board gender diversity
29/06/2021	LPP SA	Annual	Against	14,16,17 12,13	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
29/06/2021	New China Life Insurance Co., Ltd.	Annual	Against	9	Issue of equity raises concerns about excessive dilution of existing shareholders
29/06/2021	Shanghai Pharmaceuticals Holding Co., Ltd.	Annual	Against	7 4 12	Concerns to protect shareholder value Insufficient/poor disclosure Issue of equity raises concerns about excessive dilution of existing shareholders
30/06/2021	Gree Electric Appliances, Inc. of Zhuhai	Annual	Against	8,10,11	
30/06/2021	Grupa LOTOS SA	Annual	Against	17	Apparent failure to link pay and appropriate performance
01/04/2021	Beiersdorf AG	Annual	Against	6	Apparent failure to link pay and appropriate performance.
01/04/2021	Deutsche Telekom AG	Annual	Against	9 7	Apparent failure to link pay & appropriate performance Concerns to protect shareholder value
02/04/2021	Alpha Services & Holdings SA	Special	All For		
07/04/2021	Clariant AG	Annual	Against	1.2 4.5 6.1,6.2 4.1.a,4.1.d	Apparent failure to link pay and appropriate performance Concerns regarding Auditor tenure Insufficient/poor disclosure Overboarded/Too many other time commitments
07/04/2021	Rockwool International A/S	Annual	Abstain Against	8 7.a,7.d 7.b 4 9.e	Concerns related to Non-audit fees Concerns related to board gender diversity Overboarded/Too many other time commitments Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
07/04/2021	Zurich Insurance Group AG	Annual	Against	1.2 7	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure 7 M0125 Transact Other Business (Voting) Load from Library...Save to Library Insufficient/poor disclosure
08/04/2021	Adecco Group AG	Annual	Against	1.2 7	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
08/04/2021	Davide Campari-Milano NV	Annual	Against	2.b,7	Apparent failure to link pay & appropriate performance
08/04/2021	Elisa Oyj	Annual	Against	10	Apparent failure to link pay and appropriate performance
08/04/2021	Ferrovial SA	Annual	All For		
08/04/2021	Jeronimo Martins SGPS SA	Annual	All For		
08/04/2021	Nokia Oyj	Annual	Against	13	Overboarded/Too many other time commitments
08/04/2021	UBS Group AG	Annual	Against	13	Insufficient/poor disclosure
08/04/2021	Vestas Wind Systems A/S	Annual	All For		
08/04/2021	VINCI SA	Annual/Special	Against	7,8,10	Apparent failure to link pay & appropriate performance
09/04/2021	Straumann Holding AG	Annual	Against	1.2,6.1,6.2,6.3,6.6,6.8,10	
12/04/2021	Acciona SA	Special	All For		
12/04/2021	EDP Renovaveis SA	Annual	All For		
12/04/2021	Kesko Oyj	Annual	Against	11	Apparent failure to link pay and appropriate performance
12/04/2021	Telia Co. AB	Annual	All For		
13/04/2021	Genmab A/S	Annual	Against	7.a,7.c	Apparent failure to link pay & appropriate performance
13/04/2021	Indutrade AB	Annual	Against	11.1a,11.1c,11.1e,11.1f,11.1h,11.2 11.1d	Lack of independence on board Lack of independence on boardOverboarded/Too many other time commitments
13/04/2021	OC Oerlikon Corp. AG	Annual	Against	8 12	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
13/04/2021	Saab AB	Annual	Against	15.a,15.b,15.c,16.c 11.l	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
13/04/2021	Swedish Match AB	Annual	All For		
13/04/2021	Tecan Group AG	Annual	Against	5.1 6	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
14/04/2021	Airbus SE	Annual	Against	4.5	Apparent failure to link pay and appropriate performance
14/04/2021	EDP-Energias de Portugal SA	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
14/04/2021	Geberit AG	Annual	Against	7.1 6 4.1.5 9	Apparent failure to link pay and appropriate performance Concerns regarding Auditor tenure Concerns related to below-board gender diversity Insufficient/poor disclosure
14/04/2021	Husqvarna AB	Annual	Abstain Against	10.a5,10.b 10.a1 10.a2,10.a4 14,15	Lack of independence on board Lack of independence on board Lack of independence on board 2- Lack of independent representation at board committees Apparent failure to link pay & appropriate performance
14/04/2021	Julius Baer Gruppe AG	Annual	Against	1.2 10	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
14/04/2021	Koninklijke Ahold Delhaize NV	Annual	Against	6	
14/04/2021	Royal KPN NV	Annual	Against	4	Apparent failure to link pay and appropriate performance
14/04/2021	Seagate Technology Holdings Plc	Court	All For		
14/04/2021	Seagate Technology Holdings Plc	Special	All For		
14/04/2021	Sulzer AG	Annual	Against	1.2 10	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
15/04/2021	Aker BP ASA	Annual	Against	5 9 10,11	Apparent failure to link pay & appropriate performance Lack of independence on board Poison pill/anti-takeover measure not in investors interests
15/04/2021	Banca Mediolanum SpA	Annual	Against	4.1,4.2,4.3.2,5.1.2 2.1,2.3,3 A	 Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
15/04/2021	CNH Industrial NV	Annual	Against	3 4.g 4.f 4.h,4.i	Apparent failure to link pay & appropriate performance Concerns related to board gender diversity Concerns related to inappropriate membership of committees Overboarded/Too many other time commitments
15/04/2021	Ferrari NV	Annual	Against	2.c 5.3 3.f 3.a,3.c,3.i	Apparent failure to link pay and appropriate performance Concerns about reducing shareholder rights Inadequate management of climate-related risks Overboarded/Too many other time commitments
15/04/2021	ICA Gruppen AB	Annual	Against	14.e,14.f,14.h,14.i,14.j 14.b	Lack of independence on board Lack of independence on boardOverboarded/Too many other time commitments
15/04/2021	LE Lundbergforetagen AB	Annual	Against	10.A,10.F,10.G 10.D 10.B 10.E	Lack of independence on board Lack of independence on boardConcerns about overall board structure Lack of independence on boardOverboarded/Too many other time commitments Lack of independence on boardOverboarded/Too many other time commitmentsConcerns about overall board structure
15/04/2021	LVMH Moet Hennessy Louis Vuitton SE	Annual/Special	Against	4,5,6,7,11,12,13,14,16,17,22,23,24,25,27	
15/04/2021	Nestle SA	Annual	Against	1.2 4.3.4	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
15/04/2021	Orkla ASA	Annual	Against	6.3 6.4	Concerns related to inappropriate membership of committees Overboarded/Too many other time commitments
15/04/2021	Stellantis NV	Annual	Against	2.c,4.a,4.b	Apparent failure to link pay and appropriate performance
15/04/2021	Svenska Cellulosa AB	Annual	Against	11.2,11.9,12,14	
15/04/2021	UniCredit SpA	Annual/Special	Against	10,A 12	 Apparent failure to link pay & appropriate performance
16/04/2021	CNP Assurances SA	Annual/Special	Against	28 18,21,22,23 19,20	Apparent failure to link pay & appropriate performance Lack of independence on board Lack of independence on boardLack of independent representation at board committees
16/04/2021	Covestro AG	Annual	Against	8	Apparent failure to link pay and appropriate performance
16/04/2021	Elekta AB	Special	All For		
16/04/2021	Evolution AB	Annual	Against	14 10a3,10a4	Apparent failure to link pay & appropriate performance Concerns related to board gender diversity
16/04/2021	Henkel AG & Co. KGaA	Annual	Against	7	Concerns related to approach to board gender diversity
16/04/2021	Swiss Re AG	Annual	Against	8	Insufficient/poor disclosure
16/04/2021	Vonovia SE	Annual	All For		
19/04/2021	Banco Bilbao Vizcaya Argentaria SA	Annual	All For		
20/04/2021	Covivio SA	Annual/Special	Against	11,12,13	Apparent failure to link pay and appropriate performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
20/04/2021	Getinge AB	Annual	Against	17,18 15.b 15.e,15.g,15.k 15.a 15.c	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees Lack of independent representation at board committees Lack of independent representation at board committees Overboarded/Too many other time commitments Overboarded/Too many other time commitments
20/04/2021	Infrastrutture Wireless Italiane SpA	Annual	Against	6.2,7,8	
20/04/2021	Italgas SpA	Annual/Special	Against	3.1 A	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
20/04/2021	L'Oreal SA	Annual/Special	Against	14,15	Apparent failure to link pay & appropriate performance
20/04/2021	Recordati SpA	Annual	Against	2a,3 A	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
20/04/2021	Scatec ASA	Annual	Against	9,16,17,18,20	
20/04/2021	Sika AG	Annual	Against	5.1 4.5 4.1.5 4.1.4 6	Apparent failure to link pay & appropriate performance Concerns regarding Auditor tenure Concerns related to board gender diversity Concerns related to inappropriate membership of committees Insufficient basis to support a decision
20/04/2021	VERBUND AG	Annual	Against	8.1,8.2	Insufficient/poor disclosure
21/04/2021	ABN AMRO Bank NV	Annual	All For		
21/04/2021	Bankinter SA	Annual	Against	10.1,12	Apparent failure to link pay & appropriate performance
21/04/2021	Eiffage SA	Annual/Special	Against	9,11,22 5 6	Apparent failure to link pay and appropriate performance Concerns about overall board structure Concerns related to inappropriate membership of committees
21/04/2021	Georg Fischer AG	Annual	Against	1.2 10 4.2	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure Overboarded/Too many other time commitments
21/04/2021	Industrivarden AB	Annual	Against	14 10.a,10.c,10.d,10.e,10.i	Apparent failure to link pay and appropriate performance Overboarded/Too many other time commitments
21/04/2021	MTU Aero Engines AG	Annual	Against	7 6	Apparent failure to link pay and appropriate performance Lack of independence on board
21/04/2021	National Bank of Greece SA	Special	All For		
21/04/2021	Proximus SA	Annual	Against	7	Apparent failure to link pay and appropriate performance
21/04/2021	Proximus SA	Special	Against	2 1	Insufficient/poor disclosure Issue of equity raises concerns about excessive dilution of existing shareholders
21/04/2021	Royal Vopak NV	Annual	Against	3	Apparent failure to link pay and appropriate performance
21/04/2021	SIG Combibloc Group AG	Annual	Against	11	Insufficient/poor disclosure
21/04/2021	SimCorp A/S	Special	All For		
21/04/2021	Spotify Technology SA	Annual	Against	6 4a	Apparent failure to link pay and appropriate performance Combined CEO/Chair
22/04/2021	Akzo Nobel NV	Annual	All For		
22/04/2021	Bouygues SA	Annual/Special	Against	28 8,11,27 9 12 4 15,17,23,30 21 19,20,22,24,25	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance Apparent failure to link pay and appropriate performance. Concerns related to below-board gender diversity Insufficient justification for related party transaction Poison pill/anti-takeover measure not in investors interests Poison pill/anti-takeover measure not in investors interestsConcerns to protect shareholder value Poison pill/anti-takeover measure not in investors interestsIssue of equity raises concerns about excessive dilution of existing shareholders
22/04/2021	DiaSorin SpA	Annual/Special	Against	2.1,2.2,3 A	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
22/04/2021	Eurofins Scientific SE	Annual/Special	Against	9 2 1	Apparent failure to link pay and appropriate performance Double voting rights Issue of equity raises concerns about excessive dilution of existing shareholders
22/04/2021	Flughafen Zuerich AG	Annual	Against	9 8.1.4 8.3.1,8.3.3,8.3.4 8.1.5,8.2	Insufficient/poor disclosure Lack of independence on board Lack of independent representation at board committees Lack of independent representation at board committeesLack of independence on board
22/04/2021	Gecina SA	Annual	Against	15	Concerns to protect shareholder value
22/04/2021	Heineken Holding NV	Annual	Against	7.a,7.b	Lack of independence on board

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
22/04/2021	Heineken NV	Annual	Against	1.b,4.a	
22/04/2021	Holmen AB	Annual	Against	13b 12e,12f,12g,12h 12a,12b	Insufficient basis to support a decision Lack of independence on board Lack of independence on boardOverboarded/Too many other time commitments
22/04/2021	Huhtamaki Oyj	Annual	All For		
22/04/2021	Kering SA	Annual/Special	Against	5,9,10 6	 Concerns related to inappropriate membership of committees 2- Insufficient justification for related party transaction
22/04/2021	Moncler SpA	Annual	Against	2 A	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
22/04/2021	Plastic Omnium SE	Annual/Special	Against	17,18,22,23,24,25 32 3 28,29 26,27	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights Insufficient justification for related party transaction Issue of capital raises concerns about excessive dilution of existing shareholders Poison pill/anti-takeover measure not in investors interests
22/04/2021	Raiffeisen Bank International AG	Annual	All For		
22/04/2021	Rexel SA	Annual/Special	All For		
22/04/2021	Sweco AB	Annual	Against	14 11.1,11.2,11.6,11.8 11.5 11.4	Apparent failure to link pay and appropriate performance Lack of independence on board Lack of independence on boardOverboarded/Too many other time commitments Overboarded/Too many other time commitments
22/04/2021	Tele2 AB	Annual	Against	16f	Concerns to protect shareholder value
22/04/2021	Telefonica SA	Annual	Against	9,12 4.4	Apparent failure to link pay and performance Overboarded/Too many other time commitments
22/04/2021	Teleperformance SA	Annual/Special	Against	6,9	Apparent failure to link pay & appropriate performance
22/04/2021	Trelleborg AB	Annual	Against	11 10.a4	Apparent failure to link pay and appropriate performance Lack of independence on board Overboarded/Too many other time commitments
22/04/2021	Veolia Environnement SA	Annual/Special	Against	9,10,11	Apparent failure to link pay & appropriate performance
22/04/2021	Wolters Kluwer NV	Annual	All For		
23/04/2021	Amplifon SpA	Annual	Against	3.1.2 4.1,4.2 5	 Apparent failure to link pay & appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders
23/04/2021	Galp Energia SGPS SA	Annual	All For		
23/04/2021	GrandVision NV	Annual	Against	2b 5,6	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity
23/04/2021	Icade SA	Annual/Special	Against	13,16 23 6,7,8,9,10	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure Lack of independence on board
23/04/2021	Lifco AB	Annual	Against	15.a,15.d,15.e,15.g,15.i,15.j	Lack of independence on board
23/04/2021	Merck KGaA	Annual	All For		
23/04/2021	Metso Outotec Oyj	Annual	Against	10 13	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
23/04/2021	Renault SA	Annual/Special	All For		
23/04/2021	Swiss Life Holding AG	Annual	Against	5.11 5.8 9	Concerns related to below-board gender diversity 2- Concerns related to board gender diversity 3- Non-independent Chairman Concerns related to inappropriate membership of committees Insufficient/poor disclosure
26/04/2021	Assicurazioni Generali SpA	Annual/Special	Against	3a,3b,4a	Apparent failure to link pay & appropriate performance
26/04/2021	ING Groep NV	Annual	All For		
26/04/2021	MERLIN Properties SOCIMI SA	Annual	All For		
27/04/2021	Aena S.M.E. SA	Annual	Against	10	Inadequate management of climate-related risks
27/04/2021	Alfa Laval AB	Annual	Against	11.2,11.7,11.10	Lack of independent representation at board committees
27/04/2021	Atlas Copco AB	Annual	Against	11.a,11.b 9.a1,9.a3,9.a7,9.a8,9.b	Apparent failure to link pay & appropriate performance Lack of independence on board
27/04/2021	Bayer AG	Annual	All For		
27/04/2021	Boliden AB	Annual	All For		
27/04/2021	DNB ASA	Annual	Against	10	

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
27/04/2021	Groupe Bruxelles Lambert SA	Annual	Against	7,8.1,8.2,8.4 5.3.2 5.3.1	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committeesLack of independence on board Lack of independence on board
27/04/2021	Sandvik Aktiebolag	Annual	Against	16	Apparent failure to link pay and appropriate performance
28/04/2021	Aker ASA	Annual	Against	5 12,13,14 9	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board
28/04/2021	Alcon, Inc.	Annual	Against	4.1 5.6,6.2 9	Apparent failure to link pay and appropriate performance Concerns related to below-board gender diversity 2- Overboarded/Too many other time commitments Insufficient/poor disclosure
28/04/2021	Anheuser-Busch InBev SA/NV	Annual/Special	Against	A1,B8a,B8b,B8c,B10 B9	 Apparent failure to link pay & appropriate performance
28/04/2021	Assa Abloy AB	Annual	Against	14 10	Apparent failure to link pay and appropriate performance Lack of independence on board
28/04/2021	Atlantia SpA	Annual/Special	Against	2a.1,3.2 A	 Insufficient/poor disclosure
28/04/2021	Eaton Corporation plc	Annual	Against	3 1f	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
28/04/2021	Epiroc AB	Annual	All For		
28/04/2021	Eurazeo SA	Annual/Special	Against	7,10,11,12,13 4 14	Apparent failure to link pay & appropriate performance Insufficient justification for related party transaction Poison pill/anti-takeover measure not in investors interests
28/04/2021	FinecoBank SpA	Annual/Special	Against	6,7	Apparent failure to link pay & appropriate performance
28/04/2021	Fortum Oyj	Annual	All For		
28/04/2021	Galapagos NV	Annual	Against	5	Apparent failure to link pay & appropriate performance
28/04/2021	Getlink SE	Annual/Special	All For		
28/04/2021	Grafton Group Plc	Annual	Against	6	Apparent failure to link pay and appropriate performance
28/04/2021	Hera SpA	Annual/Special	Against	4 A	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
28/04/2021	Intesa Sanpaolo SpA	Annual/Special	Against	2e	Apparent failure to link pay & appropriate performance
28/04/2021	Muenchener Rueckversicherungs-Gesellschaft AG	Annual	All For		
28/04/2021	Prysmian SpA	Annual/Special	Against	A	Insufficient/poor disclosure
28/04/2021	RTL Group SA	Annual	Against	4.1 6.4 6.3	Apparent failure to link pay and appropriate performance Lack of independent representation at board committees Overboarded/Too many other time commitmentsInappropriate bundling of election of directors on a single vote
28/04/2021	RWE AG	Annual	Against	7	Apparent failure to link pay & appropriate performance
28/04/2021	Schneider Electric SE	Annual/Special	All For		
28/04/2021	SNAM SpA	Annual	Against	A	Insufficient/poor disclosure
28/04/2021	Telenet Group Holding NV	Annual	Against	4,5,9	Apparent failure to link pay and appropriate performance
28/04/2021	UnipolSai Assicurazioni SpA	Annual/Special	Against	2b,3a.2,3b 4a,4b A 5	 Apparent failure to link pay & appropriate performance Insufficient/poor disclosure Issue of capital raises concerns about excessive dilution of existing shareholders
28/04/2021	Warehouses De Pauw SCA	Annual	Against	7 8	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversityConcerns related to inappropriate membership of committees
28/04/2021	Warehouses De Pauw SCA	Special	All For		
29/04/2021	A2A SpA	Annual/Special	Against	A	Insufficient/poor disclosure
29/04/2021	Accor SA	Annual/Special	Against	5 9,21	Apparent failure to link pay and appropriate performance Poison pill/anti-takeover measure not in investors interests
29/04/2021	ASML Holding NV	Annual	All For		
29/04/2021	ASML Holding NV	Annual	All For		
29/04/2021	AXA SA	Annual/Special	Against	6,7	Apparent failure to link pay & appropriate performance
29/04/2021	Banque Cantonale Vaudoise	Annual	Against	4.4 9	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
29/04/2021	BASF SE	Annual	All For		
29/04/2021	Continental AG	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
29/04/2021	CRH Plc	Annual	Against	3 4a	Apparent failure to link pay & appropriate performance Concerns related to below-board gender diversity 2- Concerns related to board ethnic and/or racial diversity
29/04/2021	Danone SA	Annual/Special	All For		
29/04/2021	Flutter Entertainment Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
29/04/2021	Hexagon AB	Annual	Against	10.7,10.9 13 10.3	Concerns related to inappropriate membership of committeesLack of independent representation at board committees Insufficient/poor disclosure Lack of independent representation at board committees
29/04/2021	Kerry Group Plc	Annual	Against	7	Apparent failure to link pay & appropriate performance
29/04/2021	Kinnevik AB	Annual	Against	10	Apparent failure to link pay and appropriate performance
29/04/2021	UCB SA	Annual	Against	5,11	Apparent failure to link pay and appropriate performance
29/04/2021	Umicore	Annual/Special	Against	2 8.1	Apparent failure to link pay & appropriate performance Inadequate management of climate-related risks
30/04/2021	Baloise Holding AG	Annual	Against	7	Insufficient/poor disclosure
30/04/2021	BBGI Global Infrastructure S.A.	Annual	All For		
30/04/2021	Credit Suisse Group AG	Annual	Abstain Against	2,6.2.1,6.2.3 1.1 8.2	Agenda item withdrawn Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
30/04/2021	Endesa SA	Annual	Against	9,10	Apparent failure to link pay & appropriate performance
30/04/2021	GEA Group AG	Annual	Against	7	Apparent failure to link pay and appropriate performance
30/04/2021	Helvetia Holding AG	Annual	Against	8	Insufficient/poor disclosure
30/04/2021	Kingspan Group Plc	Annual	Abstain Against	3a 3f,5	Fund manager or client vote Fund manager or client vote
30/04/2021	Sanofi	Annual/Special	All For		
30/04/2021	Smurfit Kappa Group Plc	Annual	All For		
30/04/2021	TERNA Rete Elettrica Nazionale SpA	Annual	Against	5.2	Apparent failure to link pay & appropriate performance
03/05/2021	Tenaris SA	Annual	Against	8 6	Apparent failure to link pay and appropriate performance Lack of independence on boardCombined CEO/Chairman
04/05/2021	Air Liquide SA	Annual/Special	Against	8	Apparent failure to link pay & appropriate performance
04/05/2021	Chocoladefabriken Lindt & Spruengli AG	Annual	Against	2 5.1.3 7 5.1.1 5.1.2,5.1.4,5.2.1,5.2.2	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversityLack of independent representation at board committees Insufficient/poor disclosure Lack of independence on board Lack of independent representation at board committees
04/05/2021	Deutsche Lufthansa AG	Annual	Against	3	Inadequate management of climate-related risks
04/05/2021	Fuchs Petrolub SE	Annual	Against	6	Apparent failure to link pay and appropriate performance
04/05/2021	Hermes International SCA	Annual/Special	Against	7,8,9,11 24,25 5 13,14,15 6,19,23 20,22	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Insufficient justification for related party transaction Lack of independence on board Poison pill/anti-takeover measure not in investors interests Poison pill/anti-takeover measure not in investors interestsIssue of equity raises concerns about excessive dilution of existing shareholders
04/05/2021	Holcim Ltd.	Annual	Against	7	Insufficient/poor disclosure
04/05/2021	Kuehne + Nagel International AG	Annual	Against	5,6.1,6.2 4.1.3 7 4.1.5,4.4.1,4.4.2	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversityLack of independent representation at board committees Insufficient/poor disclosure Lack of independent representation at board committees
04/05/2021	Pentair Plc	Annual	Against	2 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
04/05/2021	Swedish Orphan Biovitrum AB	Annual	Against	15.a,15.b,17 15.c 16	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
04/05/2021	Tomra Systems ASA	Annual	Against	7,9 11	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
05/05/2021	Allianz SE	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
05/05/2021	Hannover Rueck SE	Annual	Against	8	Apparent failure to link pay and appropriate performance
05/05/2021	Investor AB	Annual	Against	8 13a,13e,13f,13h,13i,14	Apparent failure to link pay and appropriate performance Lack of independence on board
05/05/2021	Nexi SpA	Annual	Against	A	Insufficient/poor disclosure
05/05/2021	PUMA SE	Annual	Against	6 8	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
05/05/2021	Sagax AB	Annual	Against	14 10.4 10.1 10.5	Apparent failure to link pay and appropriate performance Lack of independence on board Lack of independence on boardConcerns related to approach to board gender diversity Lack of independence on boardOverboarded/Too many other time commitments
05/05/2021	Securitas AB	Annual	Against	16 10.a 10.b	Apparent failure to link pay and appropriate performance Lack of independent representation at board committeesOverboarded/Too many other time commitments Overboarded/Too many other time commitments
05/05/2021	Symrise AG	Annual	Against	8 7 6.1	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Overboarded/Too many other time commitments
06/05/2021	ACS Actividades de Construccion y Servicios SA	Annual	Against	5 4.1	Apparent failure to link pay & appropriate performance Concerns related to board gender diversity 2- Lack of independence on board
06/05/2021	AIB Group Plc	Annual	Against	6	Apparent failure to link pay & appropriate performance
06/05/2021	Deutsche Post AG	Annual	Against	10 8	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
06/05/2021	Electricite de France SA	Annual/Special	Against	14,15 12	Lack of independence on board Lack of independence on boardLack of independent representation at board committees
06/05/2021	Glanbia Plc	Annual	All For		
06/05/2021	HeidelbergCement AG	Annual	Against	7 4.1 6	Apparent failure to link pay & appropriate performance Concerns related to below-board gender diversity Concerns to protect shareholder value
06/05/2021	Hennes & Mauritz AB	Annual	Against	11.6 17 18	Concerns related to inappropriate membership of committees 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 transparency
06/05/2021	Hochtief AG	Annual	Against	6 8.3,8.5,8.6,8.8 8.1,8.2,8.4,8.7	Apparent failure to link pay and appropriate performance Concerns related to succession planning Lack of independence on boardLack of independent representation at board committeesConcerns related to succession planning
06/05/2021	KBC Group NV	Annual/Special	Against	6,7 11b,11c	Apparent failure to link pay and appropriate performance Lack of independence on board
06/05/2021	Koninklijke DSM NV	Annual	All For		
06/05/2021	Koninklijke Philips NV	Annual	Against	2.d	Apparent failure to link pay and appropriate performance
06/05/2021	Lonza Group AG	Annual	Against	6 11	Concerns regarding Auditor tenure Insufficient/poor disclosure
06/05/2021	Norsk Hydro ASA	Annual	Against	6	Apparent failure to link pay & appropriate performance
06/05/2021	Schibsted ASA	Annual	Against	7 9h	Apparent failure to link pay and appropriate performance Overboarded/Too many other time commitments
06/05/2021	Sofina SA	Annual	Against	2.2,2.3 4.1,4.5	Apparent failure to link pay and appropriate performance Lack of independent representation at board committees
06/05/2021	Talanx AG	Annual	Against	5	Apparent failure to link pay and appropriate performance
06/05/2021	Thales SA	Annual/Special	Against	4 16,17 15	Concerns related to inappropriate membership of committeesLack of independence on board Lack of independence on board Lack of independence on boardConcerns related to inappropriate membership of committees
06/05/2021	Vifor Pharma AG	Annual	Against	6.4 7	Concerns regarding Auditor tenure Insufficient/poor disclosure
06/05/2021	Yara International ASA	Annual	All For		
07/05/2021	BKW AG	Annual	Against	2 6.5 7 6.1.1,6.3.2,6.3.3	Apparent failure to link pay and appropriate performance Concerns regarding Auditor tenure Insufficient/poor disclosure Lack of independent representation at board committees
07/05/2021	Buzzi Unicem SpA	Annual	Against	4.1 1 A	Apparent failure to link pay & appropriate performance Inadequate management of climate-related risks Insufficient/poor disclosure

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
07/05/2021	CTS Eventim AG & Co. KGaA	Annual	Against	8,12 7	Apparent failure to link pay & appropriate performance Concerns to protect shareholder value
10/05/2021	Amundi SA	Annual/Special	Against	6,8,9 13,14,15,16,18	Apparent failure to link pay and appropriate performance Lack of independence on board
10/05/2021	Imerys SA	Annual/Special	Against	5	Apparent failure to link pay and appropriate performance
10/05/2021	Investment AB Latour	Annual	All For		
11/05/2021	Aeroports de Paris SA	Annual/Special	Against	15,17 10	Lack of independence on board Poison pill/anti-takeover measure not in investors interests
11/05/2021	argenx SE	Annual	Against	3,4	Apparent failure to link pay and appropriate performance
11/05/2021	Dassault Aviation SA	Annual/Special	Against	5,6,8,9,17 10,11,12,13 14	Apparent failure to link pay and appropriate performance Insufficient justification for related party transaction Poison pill/anti-takeover measure not in investors interests
11/05/2021	Edenred SA	Annual/Special	Against	14 8	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
11/05/2021	Equinor ASA	Annual	Against	8	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
11/05/2021	Euronext NV	Annual	Against	3.b,6	Apparent failure to link pay and appropriate performance
11/05/2021	KION GROUP AG	Annual	Against	6 8	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
11/05/2021	NIBE Industrier AB	Annual	Against	12	Concerns about overall board structureOverboarded/Too many other time commitments
11/05/2021	Rheinmetall AG	Annual	Against	7 6.1 9	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Concerns to protect shareholder value
11/05/2021	Solvay SA	Annual	Against	2 6b.3,6e 6b.1,6g 6b.2	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committeesLack of independence on board Lack of independence on board Overboarded/Too many other time commitments
11/05/2021	The Swatch Group AG	Annual	Against	4.3,4.4 9 8 5.1,5.7 10 5.4,6.4 6.1 5.2,5.3,5.5,6.2,6.3,6.5	Apparent failure to link pay and appropriate performance Concerns about reducing shareholder rights Concerns regarding Auditor tenure Concerns related to inappropriate membership of committeesLack of independence on board Insufficient/poor disclosure Lack of independence on board Lack of independence on boardConcerns related to inappropriate membership of committees Lack of independent representation at board committeesLack of independence on board
11/05/2021	The Swatch Group AG	Annual	Against	4.3,4.4 9 8 5.4,6.4 5.1,5.7,6.1 10 5.2,5.3,5.5,6.2,6.3,6.5	Apparent failure to link pay and appropriate performance Concerns about reducing shareholder rights Concerns regarding Auditor tenure Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committeesLack of independence on board Insufficient/poor disclosure Lack of independent representation at board committeesLack of independence on board
11/05/2021	Willis Towers Watson Public Limited Company	Annual	Against	3 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
12/05/2021	adidas AG	Annual	Against	12	Concerns to protect shareholder value
12/05/2021	ATOS SE	Annual/Special	Against	14 2 15	Apparent failure to link pay & appropriate performance Concerns to protect shareholder value Inadequate management of climate-related risks
12/05/2021	Bayerische Motoren Werke AG	Annual	All For		
12/05/2021	Casino, Guichard-Perrachon SA	Annual/Special	Against	6 8 12	Apparent failure to link pay and appropriate performance Concerns about overall performance Poison pill/anti-takeover measure not in investors interests
12/05/2021	Credit Agricole SA	Annual/Special	Against	25,26 14,18,19 16,17	Apparent failure to link pay and appropriate performance Lack of independence on board Lack of independence on boardLack of independent representation at board committees
12/05/2021	Eni SpA	Annual	Against	4,5 7 A	 Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
12/05/2021	Fastighets AB Balder	Annual	Against	15 11.1a,11.1c,11.1d,11.1e,11.2	Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on board

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
12/05/2021	Just Eat Takeaway.com NV	Annual	Against	2.b 5.d 5.f,5.g	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Overboarded/Too many other time commitments
12/05/2021	Nemetschek SE	Annual	Against	6	Apparent failure to link pay and appropriate performance
12/05/2021	Partners Group Holding AG	Annual	Against	5 7.1.6 8	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Insufficient/poor disclosure
12/05/2021	Perrigo Company plc	Annual	Against	3 1.7 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
12/05/2021	Rational AG	Annual	Against	6	Apparent failure to link pay and appropriate performance.
12/05/2021	SAP SE	Annual	All For		
12/05/2021	Unibail-Rodamco-Westfield SE	Annual/Special	Against	6,7,11,12,25	Apparent failure to link pay and appropriate performance
12/05/2021	Wacker Chemie AG	Annual	Against	6	Apparent failure to link pay and appropriate performance
12/05/2021	X5 Retail Group NV	Annual	Against	3.A,6 7.A 7.D	Apparent failure to link pay and appropriate performance Inadequate management of climate-related risks Overboarded/Too many other time commitments
13/05/2021	CaixaBank SA	Annual	Against	12,14,15,18	Apparent failure to link pay & appropriate performance
14/05/2021	Telekom Austria AG	Annual	Against	9.1,9.2 6.1	Insufficient/poor disclosure Lack of independence on board
17/05/2021	ASM International NV	Annual	Against	3	Apparent failure to link pay and appropriate performance
18/05/2021	BNP Paribas SA	Annual/Special	Against	12,15,16	
18/05/2021	Commerzbank AG	Annual	All For		
18/05/2021	Elia Group SA/NV	Annual/Special	Against	4,5 11	Apparent failure to link pay and appropriate performance Inappropriate bundling of election of directors on a single vote
18/05/2021	Orange SA	Annual/Special	Against	12,13,14,15,16 20,22,24,25,27,29	Apparent failure to link pay & appropriate performance Poison pill/anti-takeover measure not in investors interests
18/05/2021	Signify NV	Annual	Against	2	Apparent failure to link pay and appropriate performance
18/05/2021	Sinch AB	Annual	Against	17 15	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders
18/05/2021	Societe Generale SA	Annual	Against	20	Cumulative/slate voting in favour of individual candidates/slates
18/05/2021	VAT Group AG	Annual	Against	7.1 6 4.1.1 8 4.1.3,4.1.5,4.2.2,4.2.3	Apparent failure to link pay and appropriate performance Concerns related to Non-audit fees Concerns related to approach to board gender diversity Insufficient/poor disclosure Lack of independent representation at board committees
18/05/2021	Zardoya Otis SA	Annual	Against	6,11 7	Apparent failure to link pay and appropriate performance Performance-related pay/awards for non-executives
19/05/2021	ageas SA/NV	Annual/Special	Against	3	Apparent failure to link pay and appropriate performance
19/05/2021	ALD SA	Annual/Special	Against	26	Issue of equity raises concerns about excessive dilution of existing shareholders
19/05/2021	ASR Nederland NV	Annual	All For		
19/05/2021	Deutsche Boerse AG	Annual	All For		
19/05/2021	E.ON SE	Annual	Against	6	Apparent failure to link pay and appropriate performance
19/05/2021	Erste Group Bank AG	Annual	All For		
19/05/2021	InPost SA	Annual	All For		
19/05/2021	LANXESS AG	Annual	All For		
19/05/2021	Leonardo SpA	Annual	Against	2.1,3.1,4 5,6	Apparent failure to link pay & appropriate performance
19/05/2021	Sampo Oyj	Annual	Against	10	Apparent failure to link pay and appropriate performance
19/05/2021	Uniper SE	Annual	Against	8 11 6.2,13	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Lack of independence on board
19/05/2021	Zalando SE	Annual	Against	7	Apparent failure to link pay and appropriate performance.
20/05/2021	Arkema SA	Annual/Special	Against	11	Apparent failure to link pay & appropriate performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
20/05/2021	bioMerieux SA	Annual/Special	Against	13,14,17,18,29 5,9 28 23,24,25 22 21,26	Apparent failure to link pay & appropriate performance 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 2- Poison pill/anti-takeover measure not in investors interests Issue of capital raises concerns about excessive dilution of existing shareholders 2- Poison pill/anti-takeover measure not in investors interests Poison pill/anti-takeover measure not in investors interests
20/05/2021	Capgemini SE	Annual/Special	Against	5,6,8,11	Apparent failure to link pay and appropriate performance
20/05/2021	Chubb Limited	Annual	Against	12 5.2,7.1,7.2,7.3 5.5 6 13	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity 3- Non-independent Chairman Insufficient/poor disclosure
20/05/2021	Enel SpA	Annual	Against	A	
20/05/2021	ENGIE SA	Annual/Special	Against	7 11	 Apparent failure to link pay & appropriate performance
20/05/2021	Fresenius Medical Care AG & Co. KGaA	Annual	Against	7	Concerns to protect shareholder value
20/05/2021	Grifols SA	Annual	Against	7 11	Concerns regarding Auditor tenure Concerns to protect shareholder value
20/05/2021	JCDecaux SA	Annual/Special	Against	10,15,26,27 8 30 20,21,22,23 19 17,24	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance 2- Lack of independence on board Concerns to protect shareholder value Issue of capital raises concerns about excessive dilution of existing shareholders 2- Poison pill/anti-takeover measure not in investors interests Issue of capital raises concerns about excessive dilution of existing shareholders 2- Poison pill/anti-takeover measure not in investors interests Poison pill/anti-takeover measure not in investors interests
20/05/2021	Knorr-Bremse AG	Annual	Against	7 6.1 6.2,6.3,6.4,6.5,6.6	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Concerns related to succession planning
20/05/2021	NN Group NV	Annual	Against	3	Apparent failure to link pay and appropriate performance
20/05/2021	SEB SA	Annual/Special	Against	11,12,20 22 4 13,15,16 17	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Overboarded/Too many other time commitments Poison pill/anti-takeover measure not in investors interests Poison pill/anti-takeover measure not in investors interestsIssue of equity raises concerns about excessive dilution of existing shareholders
20/05/2021	Telefonica Deutschland Holding AG	Annual	Against	6 9 8.2	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on boardConcerns related to approach to board diversity
20/05/2021	Temenos AG	Annual	Against	6.2.3 10	Concerns related to approach to board gender diversity Insufficient/poor disclosure
20/05/2021	Worldline SA	Annual/Special	Against	13,14,15,16,28 11	Apparent failure to link pay and appropriate performance Insufficient basis to support a decision
21/05/2021	Carrefour SA	Annual/Special	Against	16,17,18,29 9 6 13	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committeesConcerns about candidate's experience/skillsOverboarded/Too many other time commitments Concerns related to inappropriate membership of committeesLack of independence on board Lack of independence on board
21/05/2021	Compagnie Generale des Etablissements Michelin S	Annual/Special	Against	9,10	
21/05/2021	EssilorLuxottica SA	Annual/Special	Against	6,7,9 20 25,28	Apparent failure to link pay and appropriate performance Lack of independent representation at board committees Overboarded/Too many other time commitments
21/05/2021	Fresenius SE & Co. KGaA	Annual	Against	6	Apparent failure to link pay & appropriate performance
25/05/2021	Ackermans & van Haaren NV	Annual	Against	7,8 6.1,6.2,6.3	Apparent failure to link pay and appropriate performance Lack of independent representation at board committees
25/05/2021	Neoen SA	Annual/Special	Against	6,9,16 14	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders
26/05/2021	1&1 AG	Annual	Against	7	Apparent failure to link pay and appropriate performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/05/2021	Bollore SA	Annual/Special	Against	8,9,11 4 7,12,14	Apparent failure to link pay and appropriate performance Insufficient justification for related party transaction Poison pill/anti-takeover measure not in investors interests
26/05/2021	Dassault Systemes SA	Annual/Special	Against	5,7	Apparent failure to link pay and appropriate performance
26/05/2021	Enagas SA	Annual	All For		
26/05/2021	HelloFresh SE	Annual	Against	8 12	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
26/05/2021	Legrand SA	Annual/Special	Against	7,9	Apparent failure to link pay & appropriate performance
26/05/2021	Leroy Seafood Group ASA	Annual	Against	8a,8b,8c	Lack of independence on board
26/05/2021	NXP Semiconductors NV	Annual	Against	3h,9 3b	 Concerns about remuneration committee performance
26/05/2021	Publicis Groupe SA	Annual/Special	Against	25	Concerns to protect shareholder value
26/05/2021	Safran SA	Annual/Special	Against	7,23,24,25,26,27	
26/05/2021	Valeo SE	Annual/Special	All For		
27/05/2021	Aalberts NV	Annual	Against	3.a,9	Apparent failure to link pay and appropriate performance
27/05/2021	Carl Zeiss Meditec AG	Annual	Against	7 6.1,6.2,6.3	Apparent failure to link pay and appropriate performance Concerns related to succession planning
27/05/2021	Deutsche Bank AG	Annual	Against	5,7	Concerns to protect shareholder value
27/05/2021	EXOR NV	Annual	Against	2.b 6.c,6.d,6.e	Apparent failure to link pay and appropriate performance Concerns related to shareholder rights
27/05/2021	Ipsen SA	Annual/Special	Against	12,15,16,26 24 5	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders Lack of independence on boardLack of independent representation at board committees
27/05/2021	LEG Immobilien AG	Annual	All For		
27/05/2021	Prada SpA	Annual/Special	Abstain Against	23.b,23.c,24.b,25.b,26.b 1	Cumulative/slate voting in favour of individual candidates/slates Insufficient basis to support a decision 2- Insufficient/poor disclosure
27/05/2021	STMicroelectronics NV	Annual	Against	3 4 12	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure Overboarded/Too many other time commitments
27/05/2021	Telenor ASA	Annual	Against	9,10	Apparent failure to link pay and appropriate performance
27/05/2021	United Internet AG	Annual	Against	7	Apparent failure to link pay and appropriate performance.
28/05/2021	Hellenic Petroleum SA	Extraordinary Shareholders	All For		
28/05/2021	LVMH Moet Hennessy Louis Vuitton SE	Extraordinary Shareholders	All For		
28/05/2021	LyondellBasell Industries NV	Annual	Against	6 1i 1c	Apparent failure to link pay & appropriate performance Concerns related to board gender diversity Inadequate management of climate-related risks
28/05/2021	Natixis SA	Annual/Special	Against	6,7,8,10 15 17	 Concerns about remuneration committee performance 2- Overboarded/Too many other time commitments Lack of independent representation at board committees
28/05/2021	Poste Italiane SpA	Annual/Special	Against	6 A	Apparent failure to link pay & appropriate performance 2- Insufficient basis to support a decision Insufficient/poor disclosure
28/05/2021	TotalEnergies SE	Annual/Special	Against	13 14	Apparent failure to link pay & appropriate performance Inadequate management of climate-related risks
31/05/2021	Atlantia SpA	Ordinary Shareholders	All For		
31/05/2021	Faurecia SE	Annual/Special	Against	10,15 26	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights
01/06/2021	Deutsche Wohnen SE	Annual	Against	7 10 11	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Record kept as Against as Abstain is no longer a valid vote option
01/06/2021	Fraport AG Frankfurt Airport Services Worldwide	Annual	All For		
01/06/2021	ProSiebenSat.1 Media SE	Annual	Against	6	Apparent failure to link pay and appropriate performance
02/06/2021	ams AG	Annual	Against	7,8 14.1,14.2 10.1,10.2	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure Lack of independence on board
02/06/2021	Aon Plc	Annual	Against	2 1.9 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to succession planning

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
02/06/2021	EQT AB	Annual	Against	14.i 14.b,14.f 14.a 14.c,14.h	Concerns related to inappropriate membership of committees Lack of independence on board Lack of independence on boardConcerns related to inappropriate membership of committees Lack of independence on boardOverboarded/Too many other time commitments
02/06/2021	Evonik Industries AG	Annual	All For		
02/06/2021	Iliad	Annual/Special	Against	16,17,18,20,21 8 4 9 24,29 25,26,28,30 27	Apparent failure to link pay and appropriate performance Concerns related to attendance at board or committee meetingsConcerns to protect shareholder value Insufficient justification for related party transaction Lack of independent representation at board committeesConcerns to protect shareholder value Poison pill/anti-takeover measure not in investors interests Poison pill/anti-takeover measure not in investors interestsIssue of equity raises concerns about excessive dilution of existing shareholders Poison pill/anti-takeover measure not in investors interestsProposed term in policy exceeds appropriate limit
02/06/2021	OMV AG	Annual	All For		
03/06/2021	Adyen NV	Annual	All For		
03/06/2021	AEGON NV	Annual	All For		
03/06/2021	Allegion Plc	Annual	Against	2 1b 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to approach to board diversity
03/06/2021	Compagnie de Saint-Gobain SA	Annual/Special	Against	9	Apparent failure to link pay and appropriate performance
03/06/2021	Samsonite International S.A.	Annual	Against	3.1,3.2	Concerns related to board gender diversity
03/06/2021	Trane Technologies Plc	Annual	Against	1l,2	
04/06/2021	Garmin Ltd.	Annual	Against	10,11 5.2 5.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to approach to board diversity
04/06/2021	Public Power Corp. SA	Extraordinary Shareholders	Against	3	Apparent failure to link pay & appropriate performance
08/06/2021	ArcelorMittal SA	Annual/Special	Against	V,VI X	Apparent failure to link pay & appropriate performance Concerns related to below-board gender diversity
08/06/2021	SalMar ASA	Annual	Against	8,10 6 16	Apparent failure to link pay and appropriate performance Concerns related to Non-audit fees Issue of equity raises concerns about excessive dilution of existing shareholders
09/06/2021	DWS Group GmbH & Co. KGaA	Annual	Against	6	Apparent failure to link pay and appropriate performance
09/06/2021	Hellenic Telecommunications Organization SA	Annual	Against	12.8,12.9,12.10,13	
09/06/2021	Mowi ASA	Annual	Against	6 11a,11b,11d	Apparent failure to link pay & appropriate performance Lack of independence on board
10/06/2021	Brenntag SE	Annual	Against	3	Inadequate management of climate-related risks
10/06/2021	RHI Magnesita NV	Annual	Against	10,11	Apparent failure to link pay and appropriate performance
10/06/2021	Rubis SCA	Annual/Special	All For		
15/06/2021	Alpha Services & Holdings SA	Extraordinary Shareholders	Against	1	Issue of capital raises concerns about excessive dilution of existing shareholders
15/06/2021	Bechtle AG	Annual	Against	9 5	Apparent failure to link pay and appropriate performance Concerns regarding Auditor tenure
15/06/2021	Evotec SE	Annual	Against	8 6	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders
15/06/2021	Jumbo SA	Annual	Against	12	Inappropriate bundling of election of directors on a single vote
15/06/2021	Mytilineos SA	Annual	Against	12	Apparent failure to link pay & appropriate performance
15/06/2021	Pirelli & C. SpA	Annual	Against	3.1.2,3.3 4.1,4.2,5.1,5.2 A	 Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
15/06/2021	Sonova Holding AG	Annual	Against	1.2 7	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
15/06/2021	TeamViewer AG	Annual	All For		
16/06/2021	Amadeus IT Group SA	Annual	Against	6,8	Apparent failure to link pay & appropriate performance
16/06/2021	Delivery Hero SE	Annual	Against	5 11 7,8	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
16/06/2021	International Consolidated Airlines Group SA	Annual	Against	11	Concerns about reducing shareholder rights
16/06/2021	La Francaise des Jeux SA	Annual/Special	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
17/06/2021	Allegro.eu SA	Annual	Against	6 21	Apparent failure to link pay and appropriate performance Concerns related to Non-audit fees
17/06/2021	Greek Organisation of Football Prognostics SA	Annual	Against	6,7	Apparent failure to link pay & appropriate performance
17/06/2021	Iberdrola SA	Annual	Against	16	Apparent failure to link pay & appropriate performance
17/06/2021	JDE Peet's NV	Annual	Against	2.b	Apparent failure to link pay and appropriate performance
17/06/2021	Klepierre SA	Annual/Special	Against	6	Overboarded/Too many other time commitments
17/06/2021	VARTA AG	Annual	Against	6 7.2,7.3 7.4,7.5,7.6 7.1	Apparent failure to link pay and appropriate performance Concerns related to succession planning Lack of independence on boardConcerns related to succession planning Lack of independence on boardConcerns related to succession planningConcerns related to approach to board diversity
21/06/2021	Nexi SpA	Extraordinary Shareholders	All For		
22/06/2021	Coca-Cola HBC AG	Annual	Against	7,8,9 4.1.4	Apparent failure to link pay & appropriate performance Concerns related to succession planning
22/06/2021	IMCD NV	Annual	Against	2.c	Apparent failure to link pay and appropriate performance
22/06/2021	Vivendi SE	Annual/Special	Against	7,8,9,10,11,12,13,14,15,16,1 7,18 23	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
23/06/2021	Motor Oil (Hellas) Corinth Refineries SA	Annual	Against	9,10,11 5 3 8	Apparent failure to link pay & appropriate performance Concerns related to Non-audit fees Inappropriate bundling of election of directors on a single vote Insufficient basis to support a decision
23/06/2021	Terna Energy SA	Annual	Against	8.1,8.2,8.3,8.4,8.5,8.6,8.7,8. 8,8.9,8.10,8.11 2.b,5,11	Annual vote provides for greater shareholder oversight Apparent failure to link pay & appropriate performance
24/06/2021	Orpea SA	Annual/Special	Against	15 30	Apparent failure to link pay and appropriate performance Concerns related to shareholder rights
24/06/2021	Public Power Corp. SA	Annual	Against	1	Inadequate management of climate-related risks
25/06/2021	Bureau Veritas SA	Annual/Special	Against	13,16,27 6	Apparent failure to link pay and appropriate performance Overboarded/Too many other time commitments
25/06/2021	UDG Healthcare Plc	Court	All For		
25/06/2021	UDG Healthcare Plc	Special	All For		
27/06/2021	Inmobiliaria Colonial SOCIMI SA	Extraordinary Shareholders	All For		
28/06/2021	Red Electrica Corp. SA	Annual	All For		
28/06/2021	Tele2 AB	Extraordinary Shareholders	All For		
28/06/2021	Yandex NV	Annual	Against	9,10,11	Concerns to protect shareholder value
29/06/2021	Acciona SA	Annual	Against	6 2.1	Apparent failure to link pay & appropriate performance Combined CEO/Chair
29/06/2021	Adevinta ASA	Annual	All For		
29/06/2021	Inmobiliaria Colonial SOCIMI SA	Annual	Against	8,9,10 11.5 5,6	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights Issue of capital raises concerns about excessive dilution of existing shareholders
29/06/2021	QIAGEN NV	Annual	Against	2 10.c	Apparent failure to link pay and appropriate performance Issue of capital raises concerns about excessive dilution of existing shareholders
29/06/2021	Unibail-Rodamco-Westfield NV	Annual	Against	1,10 6,7	Apparent failure to link pay and appropriate performance Lack of independence on board
29/06/2021	Volvo AB	Special	All For		
29/06/2021	Wendel SE	Annual/Special	Against	10,11,14,15,20 6,9 7,8	Apparent failure to link pay and appropriate performance Lack of independence on board Lack of independence on boardConcerns related to inappropriate membership of committees
30/06/2021	Aroundtown SA	Annual	Against	9,10 11	Apparent failure to link pay and appropriate performance Issue of equity raises concerns about excessive dilution of existing shareholders
30/06/2021	Hellenic Petroleum SA	Annual	Against	5 7	Apparent failure to link pay & appropriate performance Insufficient/poor disclosure
30/06/2021	SCOR SE	Annual/Special	Against	5,8,26	Apparent failure to link pay and appropriate performance
30/06/2021	SUEZ SA	Annual	All For		
30/06/2021	TRATON SE	Annual	Against	6	Apparent failure to link pay and appropriate performance
01/04/2021	The Toronto-Dominion Bank	Annual	Against	4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
05/04/2021	Broadcom Inc.	Annual	Against	3	SH: Against shareholder resolution, against management recommendation / Shareholder proposal does not promote appropriate accountability or incentivisation
07/04/2021	Advanced Micro Devices, Inc.	Special	All For		
07/04/2021	Bank of Montreal	Annual	All For		
07/04/2021	Lennar Corporation	Annual	Against	2 1c 1k	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity
07/04/2021	Xilinx, Inc.	Special	All For		
08/04/2021	Canadian Imperial Bank of Commerce	Annual	Against	4	SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
08/04/2021	Royal Bank of Canada	Annual	Against	6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
08/04/2021	Synopsys, Inc.	Annual	Against	3 1f 5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes appropriate accountability or incentivisation
13/04/2021	A. O. Smith Corporation	Annual	Against	2 1.1	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
13/04/2021	Fifth Third Bancorp	Annual	Against	3 1n	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
13/04/2021	HP Inc.	Annual	All For		
13/04/2021	IQVIA Holdings, Inc.	Annual	Against	1.3	Concerns about remuneration committee performance
13/04/2021	The Bank of New York Mellon Corporation	Annual	All For		
13/04/2021	The Bank of Nova Scotia	Annual	Against	4.4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
14/04/2021	Hewlett Packard Enterprise Company	Annual	Against	4 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
15/04/2021	Celanese Corporation	Annual	Against	3 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
15/04/2021	Dow, Inc.	Annual	Against	2 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
15/04/2021	Fairfax Financial Holdings Limited	Annual	All For		
15/04/2021	Marvell Technology, Inc.	Special	All For		
15/04/2021	PPG Industries, Inc.	Annual	Against	6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
19/04/2021	Carrier Global Corp.	Annual	Against	2 1d 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to approach to board diversity
20/04/2021	Adobe, Inc.	Annual	Against	4	Apparent failure to link pay & appropriate performance
20/04/2021	American Electric Power Company, Inc.	Annual	Against	1.12	Concerns about remuneration committee performance
20/04/2021	Bank of America Corporation	Annual	Against	8 5	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
20/04/2021	Churchill Downs Incorporated	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns related to approach to board gender diversity
20/04/2021	M&T Bank Corporation	Annual	Against	1.5	Concerns related to board gender diversity
20/04/2021	Moodys Corporation	Annual	Against	3 1e	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/04/2021	Northern Trust Corporation	Annual	Against	2	Apparent failure to link pay & appropriate performance
20/04/2021	Public Service Enterprise Group Incorporated	Annual	All For		
20/04/2021	The Boeing Company	Annual	Against	4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
20/04/2021	The Coca-Cola Company	Annual	Against	2	Apparent failure to link pay & appropriate performance
20/04/2021	U.S. Bancorp	Annual	Against	3	Apparent failure to link pay & appropriate performance
20/04/2021	Whirlpool Corporation	Annual	Against	2 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
21/04/2021	Canadian Pacific Railway Limited	Annual/Special	Against	2 3.8 3.6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity
21/04/2021	Commerce Bancshares, Inc.	Annual	Against	3	Apparent failure to link pay and appropriate performance
21/04/2021	Huntington Bancshares Incorporated	Annual	All For		
21/04/2021	Regions Financial Corporation	Annual	All For		
21/04/2021	The Sherwin-Williams Company	Annual	All For		
22/04/2021	AGNC Investment Corp.	Annual	Against	3 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
22/04/2021	Avery Dennison Corporation	Annual	Against	2 1h	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
22/04/2021	Citizens Financial Group, Inc.	Annual	All For		
22/04/2021	Edison International	Annual	Against	3	Apparent failure to link pay & appropriate performance
22/04/2021	Humana Inc.	Annual	Against	3 1l	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
22/04/2021	Intuitive Surgical, Inc.	Annual	Against	2,4	Apparent failure to link pay & appropriate performance
22/04/2021	J.B. Hunt Transport Services, Inc.	Annual	Against	2 1.10 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversityConcerns related to succession planning
22/04/2021	Johnson & Johnson	Annual	Against	2 1n 5 4,6,7	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
22/04/2021	Lockheed Martin Corporation	Annual	Against	3 1.7 1.1 5	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Concerns related to approach to board diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
22/04/2021	Pfizer Inc.	Annual	Against	4 5,6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
22/04/2021	SVB Financial Group	Annual	Against	2 1.12	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
22/04/2021	Texas Instruments Incorporated	Annual	Against	2 1i	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
22/04/2021	The AES Corporation	Annual	All For		
23/04/2021	Abbott Laboratories	Annual	Against	7 6 5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 3- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 3- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
23/04/2021	Alleghany Corporation	Annual	All For		
23/04/2021	CenterPoint Energy, Inc.	Annual	Against	3 1g 1f	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Inadequate management of climate-related risks
23/04/2021	L3Harris Technologies, Inc.	Annual	Against	2 1g 1l	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
23/04/2021	National Bank of Canada	Annual	Against	2 1.3 1.12	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity
24/04/2021	Fastenal Company	Annual	Against	3 1a 1e	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
26/04/2021	Public Storage	Annual	Against	2 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
26/04/2021	Raytheon Technologies Corp.	Annual	Against	2 1a 1n 6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity Shareholder proposal promotes enhanced shareholder rights
27/04/2021	Bausch Health Companies Inc.	Annual	Against	1i	Concerns related to approach to board gender diversity Concerns related to approach to board diversity Concerns related to board ethnic and/or racial diversity
27/04/2021	Bio-Rad Laboratories, Inc.	Annual	Against	1.1	Concerns about overall board structure
27/04/2021	Canadian National Railway Company	Annual	All For		
27/04/2021	Centene Corporation	Annual	Against	2 1c	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance 2- Concerns related to board gender diversity
27/04/2021	Charter Communications, Inc.	Annual	Against	1e 1h 4 5,6,7 3	Concerns related to board gender diversity Concerns related to inappropriate membership of committees SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 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 transparency
27/04/2021	Citigroup Inc.	Annual	Against	6 9 5 8	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
27/04/2021	Comerica Incorporated	Annual	Against	3 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
27/04/2021	Domino's Pizza, Inc.	Annual	Against	3 1.4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
27/04/2021	Equity LifeStyle Properties, Inc.	Annual	Against	3 1.4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
27/04/2021	Exelon Corporation	Annual	Against	3 4	Concerns regarding audit quality 2- Concerns regarding Auditor tenure SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
27/04/2021	FMC Corporation	Annual	Against	3 1e 1h	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to approach to board diversity
27/04/2021	International Business Machines Corporation	Annual	Against	4 1l	Concerns related to board gender diversity
27/04/2021	Kimco Realty Corporation	Annual	Against	2 1d 1f	Apparent failure to link pay and appropriate performance. Concerns about remuneration committee performance Concerns related to approach to board diversity
27/04/2021	MSCI Inc.	Annual	Against	2 1g	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
27/04/2021	Otis Worldwide Corp.	Annual	Against	2 1i	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
27/04/2021	PACCAR Inc	Annual	Against	1.10 2	Concerns related to approach to board gender diversityConcerns related to approach to board diversity Shareholder proposal promotes enhanced shareholder rights
27/04/2021	PerkinElmer, Inc.	Annual	Against	3 1a	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
27/04/2021	Rollins, Inc.	Annual	All For		
27/04/2021	The PNC Financial Services Group, Inc.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
27/04/2021	The Williams Companies, Inc.	Annual	Against	2 1.11 1.13	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
27/04/2021	Truist Financial Corporation	Annual	Against	3 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
27/04/2021	Wells Fargo & Company	Annual	Against	2 1j 6,7 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 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
28/04/2021	Ameriprise Financial, Inc.	Annual	Against	2 1b 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
28/04/2021	Ball Corporation	Annual	Against	3	Apparent failure to link pay & appropriate performance
28/04/2021	BorgWarner Inc.	Annual	Against	2 1B,1F	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversity
28/04/2021	Cigna Corporation	Annual	Against	6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
28/04/2021	Duke Realty Corporation	Annual	Against	2 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
28/04/2021	DuPont de Nemours, Inc.	Annual	Against	2 1d 7 6	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 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
28/04/2021	HCA Healthcare, Inc.	Annual	Against	1e 5	Concerns related to board gender diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
28/04/2021	Healthpeak Properties, Inc.	Annual	Against	2 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
28/04/2021	Marathon Petroleum Corporation	Annual	Against	1a,3 7	Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
28/04/2021	Moderna, Inc.	Annual	Against	2 1.2 1.1	Apparent failure to link pay and appropriate performance Concerns about overall board structure Concerns about overall board structureConcerns to protect shareholder valueConcerns related to inappropriate membership of committees
28/04/2021	Newmont Corporation	Annual	Against	2 1.10	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
28/04/2021	Teck Resources Limited	Annual/Special	Against	3 1C 1I	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
28/04/2021	Teledyne Technologies Incorporated	Annual	Against	3 1.1,1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structure
28/04/2021	Textron Inc.	Annual	Against	2 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
28/04/2021	Vistra Corp.	Annual	All For		
28/04/2021	W.W. Grainger, Inc.	Annual	Against	3 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
29/04/2021	BCE Inc.	Annual	All For		
29/04/2021	Cabot Oil & Gas Corporation	Annual	Against	1.7	Concerns related to below-board gender diversity 2- Concerns related to board ethnic and/or racial diversity 3- Inadequate management of climate-related risks
29/04/2021	Church & Dwight Co., Inc.	Annual	Against	2 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
29/04/2021	Corning Incorporated	Annual	Against	2 1k	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
29/04/2021	EOG Resources, Inc.	Annual	Against	4 1g 1c	Apparent failure to link pay & appropriate performance Concerns related to below-board gender diversity 2- Concerns related to board ethnic and/or racial diversity oncerns about remuneration committee performance
29/04/2021	Genuine Parts Company	Annual	Against	2	Apparent failure to link pay & appropriate performance
29/04/2021	Global Payments Inc.	Annual	Against	2 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
29/04/2021	Globe Life Inc.	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
29/04/2021	Huntington Ingalls Industries, Inc.	Annual	All For		
29/04/2021	Kimberly-Clark Corporation	Annual	Against	3	Apparent failure to link pay & appropriate performance
29/04/2021	NRG Energy, Inc.	Annual	All For		
29/04/2021	Polaris Inc.	Annual	Against	3 1b	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversity
29/04/2021	Prologis, Inc.	Annual	Against	2 1c 1i	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity
29/04/2021	Snap-on Incorporated	Annual	Against	3 1.9 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
29/04/2021	The Goldman Sachs Group, Inc.	Annual	Against	3 6 8	Concerns to protect shareholder value 2- Issue of capital raises concerns about excessive dilution of existing shareholders SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency 3- SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency 3- SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
29/04/2021	Valero Energy Corporation	Annual	Against	3 1k 1d	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance 2- Concerns about remuneration committee performance Concerns related to succession planning 2- Inadequate management of climate-related risks
29/04/2021	Yamana Gold Inc.	Annual	Against	3 1.9 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity Concerns related to approach to board diversity
30/04/2021	Agnico Eagle Mines Ltd.	Annual/Special	All For		
30/04/2021	AT&T Inc.	Annual	All For		
30/04/2021	DISH Network Corporation	Annual	Against	3 1.2 1.6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns to protect shareholder value
30/04/2021	Kellogg Company	Annual	Against	5	
30/04/2021	Leidos Holdings, Inc.	Annual	Against	2 1l	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
30/04/2021	Teleflex Incorporated	Annual	Against	2 1c 4	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity Shareholder proposal promotes appropriate accountability or incentivisation
30/04/2021	Zions Bancorporation, National Association	Annual	Against	3 1E	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
01/05/2021	Berkshire Hathaway Inc.	Annual	Against	1.13 1.7 2,3	Apparent failure to link pay & appropriate performance 2- Concerns related to below-board gender diversity 3- Concerns related to board ethnic and/or racial diversity 4- Concerns related to board gender diversity Concerns regarding audit quality SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
03/05/2021	Aflac Incorporated	Annual	Against	2 1h 1k	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
03/05/2021	Eli Lilly and Company	Annual	Against	6,7,8,9 1e	 Concerns to protect shareholder value
03/05/2021	Paycom Software, Inc.	Annual	Against	4 3 1.1 1.2	 Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board gender diversityConcerns related to approach to board diversityConcerns to protect shareholder value Concerns about remuneration committee performance
04/05/2021	Albemarle Corporation	Annual	Against	1 2i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
04/05/2021	Ally Financial Inc.	Annual	Against	2	Apparent failure to link pay & appropriate performance
04/05/2021	American Express Company	Annual	Against	5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
04/05/2021	Barrick Gold Corporation	Annual/Special	Against	3	Apparent failure to link pay & appropriate performance
04/05/2021	Baxter International Inc.	Annual	Against	1c,2	
04/05/2021	Bristol-Myers Squibb Company	Annual	Against	8 6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights Shareholder proposal promotes appropriate accountability or incentivisation
04/05/2021	CF Industries Holdings, Inc.	Annual	All For		
04/05/2021	Edwards Lifesciences Corporation	Annual	All For		
04/05/2021	Evergy, Inc.	Annual	Against	1b,1g,2	
04/05/2021	Expeditors International of Washington, Inc.	Annual	Against	1.8	Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
04/05/2021	Fortune Brands Home & Security, Inc.	Annual	All For		
04/05/2021	General Electric Company	Annual	Against	2 1f 1a,1k 6	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Overboarded/Too many other time commitments SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
04/05/2021	Imperial Oil Limited	Annual	Against	1G 1A 3	Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Inadequate management of climate-related risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
04/05/2021	Omnicom Group, Inc.	Annual	Against	2 1.4 1.3 5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to succession planning Shareholder proposal promotes transparency
04/05/2021	Packaging Corporation of America	Annual	Against	3 1.11 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
04/05/2021	Suncor Energy Inc.	Annual	Against	4	Apparent failure to link pay & appropriate performance
04/05/2021	West Pharmaceutical Services, Inc.	Annual	Against	1b	
05/05/2021	Brown & Brown, Inc.	Annual	Against	1.10	Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity
05/05/2021	CME Group Inc.	Annual	All For		
05/05/2021	Danaher Corporation	Annual	Against	1b,1i,1j,3,4	
05/05/2021	Discover Financial Services	Annual	All For		
05/05/2021	Dominion Energy, Inc.	Annual	Against	1L 5 6 4	Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency 2- SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
05/05/2021	Enbridge Inc.	Annual	Against	3 1.7 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Overboarded/Too many other time commitments

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
05/05/2021	Eversource Energy	Annual	Against	2 1.10	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
05/05/2021	Federal Realty Investment Trust	Annual	Against	2 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
05/05/2021	Franco-Nevada Corporation	Annual/Special	Against	1.6	Concerns related to approach to board diversity Concerns related to board ethnic and/or racial diversity
05/05/2021	General Dynamics Corporation	Annual	Against	1i 4	Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
05/05/2021	International Flavors & Fragrances Inc.	Annual	Against	3 1e 1h	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board gender diversity
05/05/2021	MGM Resorts International	Annual	Against	1c 4	Concerns related to board gender diversity Concerns to protect shareholder value
05/05/2021	Newell Brands, Inc.	Annual	Against	3 1c 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
05/05/2021	NVR, Inc.	Annual	Against	1.4,1.11,1.12 1.10	Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2 - Concerns related to succession planning 3 - Concerns about remuneration committee performance
05/05/2021	PepsiCo, Inc.	Annual	Against	5 4	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
05/05/2021	Philip Morris International Inc.	Annual	All For		
05/05/2021	Regency Centers Corporation	Annual	Against	2 1e 1c	Apparent failure to link pay and appropriate performance. Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
05/05/2021	S&P Global, Inc.	Annual	All For		
05/05/2021	Stryker Corporation	Annual	Against	3 5	Apparent failure to link pay and appropriate performance Shareholder proposal promotes appropriate accountability or incentivisation
05/05/2021	Sun Life Financial Inc.	Annual	Against	4 1.7	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
05/05/2021	Toromont Industries Ltd.	Annual/Special	Against	3 1.3 1.11	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity.Concerns related to board ethnic and/or racial diversity
05/05/2021	Wynn Resorts, Limited	Annual	Against	3 1.3 1.1	Apparent failure to link pay and appropriate performance Concerns about overall board structure Concerns about remuneration committee performanceConcerns about overall board structure
06/05/2021	Ameren Corporation	Annual	All For		
06/05/2021	AMETEK, Inc.	Annual	Against	2	Apparent failure to link pay and appropriate performance
06/05/2021	Archer-Daniels-Midland Company	Annual	Against	3 1l 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes enhanced shareholder rights
06/05/2021	Boston Scientific Corporation	Annual	Against	2 1d 1c 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Overboarded/Too many other time commitments SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
06/05/2021	C.H. Robinson Worldwide, Inc.	Annual	Against	2 1.7	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
06/05/2021	Cadence Design Systems, Inc.	Annual	Against	2 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
06/05/2021	Cameco Corporation	Annual	Against	C	Apparent failure to link pay & appropriate performance
06/05/2021	Canadian Natural Resources Limited	Annual	Against	1.5,1.9,3	
06/05/2021	Capital One Financial Corporation	Annual	Against	1i,3	
06/05/2021	Constellation Software Inc.	Annual	Against	3 1.5,1.13	Apparent failure to link pay and appropriate performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
06/05/2021	Duke Energy Corporation	Annual	Against	1.1 5,6	Concerns to protect shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
06/05/2021	Eastman Chemical Company	Annual	Against	2 1.3	Apparent failure to link pay and appropriate performance. Concerns about remuneration committee performance
06/05/2021	Ecolab Inc.	Annual	Against	3 1m 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
06/05/2021	Equifax Inc.	Annual	Against	2 1d	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
06/05/2021	Fortis Inc.	Annual	All For		
06/05/2021	Gildan Activewear Inc.	Annual	Against	2 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
06/05/2021	Great-West Lifeco Inc.	Annual/Special	Against	4 2.6 2.10 2.7 2.15	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committeesConcerns about remuneration committee performance Concerns related to inappropriate membership of committeesConcerns related to attendance at board or committee meetings Concerns related to inappropriate membership of committeesConcerns related to board ethnic and/or racial diversityConcerns related to approach to board diversityConcerns to protect shareholder value
06/05/2021	iA Financial Corporation Inc.	Annual	Against	3 1.10 1.7	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
06/05/2021	Kirkland Lake Gold Ltd.	Annual	Against	3 1b 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
06/05/2021	Loblaw Companies Limited	Annual	Against	3 1.6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
06/05/2021	Magna International Inc.	Annual	Against	3 1J	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
06/05/2021	Manulife Financial Corp.	Annual	Against	3 1.10 1.13	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity
06/05/2021	Mettler-Toledo International Inc.	Annual	Against	3 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns related to approach to board diversity
06/05/2021	Molina Healthcare, Inc.	Annual	Against	2 1a 1c	Apparent failure to link pay and appropriate performance Concerns about overall board structure Concerns about remuneration committee performance
06/05/2021	Ritchie Bros. Auctioneers Incorporated	Annual	Against	3 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
06/05/2021	The Kraft Heinz Company	Annual	Against	2 1d 1b	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity
06/05/2021	Tractor Supply Company	Annual	Against	1.7	Concerns about remuneration committee performance
06/05/2021	United Rentals, Inc.	Annual	Against	3 1h	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
06/05/2021	WEC Energy Group, Inc.	Annual	Against	4 1.9	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
07/05/2021	AbbVie Inc.	Annual	Against	1.3,1.4,3,7,8	
07/05/2021	CMS Energy Corporation	Annual	Against	2 1c	Apparent failure to link pay and appropriate performance. Concerns about remuneration committee performance
07/05/2021	Colgate-Palmolive Company	Annual	Against	1h,3,4,5	
07/05/2021	Corteva, Inc.	Annual	Against	2 1a 1k	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
07/05/2021	CSX Corporation	Annual	Against	3 1d 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
07/05/2021	Dover Corporation	Annual	Against	4 1i 1h	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
07/05/2021	Entergy Corporation	Annual	Against	3 1k	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
07/05/2021	Illinois Tool Works Inc.	Annual	Against	3 1j	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
07/05/2021	Lundin Mining Corporation	Annual	Against	3 1.1 1.9	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
07/05/2021	Marriott International, Inc.	Annual	Against	3 1h	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
07/05/2021	Occidental Petroleum Corporation	Annual	Against	2 1h	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
07/05/2021	Pembina Pipeline Corporation	Annual	Against	3 1.11 1.6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity Concerns related to approach to board diversity
07/05/2021	TC Energy Corporation	Annual	Against	3 1.13 1.11	Apparent failure to link pay & appropriate performance Apparent failure to link pay & appropriate performance 2- Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity
07/05/2021	TELUS Corporation	Annual	Against	3 1.7	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
07/05/2021	Teradyne, Inc.	Annual	Against	1c,1g,2,4	
07/05/2021	The Progressive Corporation	Annual	All For		
08/05/2021	Cincinnati Financial Corporation	Annual	Against	2 1.9 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
10/05/2021	International Paper Company	Annual	Against	3 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
10/05/2021	Markel Corporation	Annual	Against	2 1e	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
10/05/2021	Stanley Black & Decker, Inc.	Annual	All For		
10/05/2021	Uber Technologies, Inc.	Annual	Against	2 1j 5	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
11/05/2021	3M Company	Annual	Against	3 1f	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
11/05/2021	Alexion Pharmaceuticals, Inc.	Special	All For		
11/05/2021	Arthur J. Gallagher & Co.	Annual	Against	3 1a 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
11/05/2021	ConocoPhillips	Annual	Against	1m 5	Inadequate management of climate-related risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
11/05/2021	Cummins Inc.	Annual	Against	14 16	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
11/05/2021	Essex Property Trust, Inc.	Annual	Against	3 1.5 1.9	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns relating to succession planningConcerns related to approach to board diversity
11/05/2021	Finning International Inc.	Annual/Special	Against	3 1.2 1.4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
11/05/2021	George Weston Limited	Annual	Against	3 1.6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
11/05/2021	LKQ Corporation	Annual	All For		
11/05/2021	Loews Corporation	Annual	Against	2 1b 1e 1f 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to board ethnic and/or racial diversityConcerns related to approach to board diversityConcerns related to succession planning Concerns related to inappropriate membership of committees Shareholder proposal promotes transparency
11/05/2021	Prudential Financial, Inc.	Annual	Against	5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
11/05/2021	T. Rowe Price Group, Inc.	Annual	Against	2 1e 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
11/05/2021	TransUnion	Annual	Against	1d	Concerns about overall board structure
11/05/2021	Tyler Technologies, Inc.	Annual	Against	3 1g 1a 1h	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity Lack of independence on board
11/05/2021	Waste Management, Inc.	Annual	Against	3	Apparent failure to link pay & appropriate performance
11/05/2021	Waters Corporation	Annual	Against	3 1.7 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to succession planning
11/05/2021	Wayfair, Inc.	Annual	Abstain	1e	Concerns to protect shareholder valuePlease not Agaisnt/Withhold is not a valid vote option for this meeting, hence the Abstain.
11/05/2021	XPO Logistics, Inc.	Annual	Against	3 1.7 1.4,1.5,1.8 1.1 6 4 5	Apparent failure to link pay & appropriate performance 2- Concerns about remuneration committee performance 3- Concerns to protect shareholder value Apparent failure to link pay & appropriate performance 2- Concerns about remuneration committee performance 3- Concerns to protect shareholder value Concerns related to potential conflict of interests 2- Concerns to protect shareholder value Concerns related to potential conflict of interests 2- Concerns to protect shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
11/05/2021	Yum! Brands, Inc.	Annual	Against	3 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
12/05/2021	American International Group, Inc.	Annual	Against	2 1b 5	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
12/05/2021	American Water Works Company, Inc.	Annual	All For		
12/05/2021	Arrow Electronics, Inc.	Annual	Against	3 1.3 1.7	Apparent failure to link pay and appropriate performance. Concerns about remuneration committee performance Concerns related to approach to board diversity
12/05/2021	Autoliv, Inc.	Annual	Against	2 1.5	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversity
12/05/2021	Cenovus Energy Inc.	Annual	Against	4 2.12 2.4 2.2,2.11	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Inadequate management of climate-related risksConcerns related to approach to board diversity Overboarded/Too many other time commitments
12/05/2021	Element Fleet Management Corp.	Annual	Against	3 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns related to board ethnic and/or racial diversity
12/05/2021	First Republic Bank	Annual	Against	3 1e	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
12/05/2021	First Solar, Inc.	Annual	Against	1.9 3	Concerns related to board ethnic and/or racial diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
12/05/2021	Gilead Sciences, Inc.	Annual	Against	1e,3,4	
12/05/2021	IDEX Corporation	Annual	Against	2	Apparent failure to link pay and appropriate performance
12/05/2021	IDEXX Laboratories, Inc.	Annual	All For		
12/05/2021	Intact Financial Corporation	Annual/Special	All For		
12/05/2021	Iron Mountain Incorporated	Annual	Against	4 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
12/05/2021	Kinder Morgan, Inc.	Annual	Against	1.4	Concerns related to board gender diversity 2- Inadequate management of climate-related risks
12/05/2021	Kinross Gold Corporation	Annual	Against	1.1	Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
12/05/2021	Laboratory Corporation of America Holdings	Annual	Against	2 1e 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes enhanced shareholder rights
12/05/2021	Masco Corporation	Annual	Against	2 1a,1c	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversity
12/05/2021	Pan American Silver Corp.	Annual/Special	Against	3 1.8 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
12/05/2021	Phillips 66	Annual	Against	4 5 6	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 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
12/05/2021	PulteGroup, Inc.	Annual	All For		
12/05/2021	Simon Property Group, Inc.	Annual	Against	2 1e 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversityConcerns related to succession planningConcerns to protect shareholder value
12/05/2021	Skyworks Solutions, Inc.	Annual	Against	5 3 1e 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
12/05/2021	Trimble Inc.	Annual	Against	2 1.5	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversity
12/05/2021	Wyndham Hotels & Resorts, Inc.	Annual	Against	2 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
12/05/2021	Xylem Inc.	Annual	Against	4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
13/05/2021	Assurant, Inc.	Annual	Against	3 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
13/05/2021	Canadian Tire Corporation, Limited	Annual	Against	1.1,1.2,1.3	Concerns related to below-board gender diversity 2- Concerns related to board ethnic and/or racial diversity 3- Concerns related to board gender diversity
13/05/2021	Cboe Global Markets, Inc.	Annual	All For		
13/05/2021	Cheniere Energy, Inc.	Annual	Against	1a,1i,2	
13/05/2021	CVS Health Corporation	Annual	Against	3 5	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
13/05/2021	Ford Motor Company	Annual	Against	1i,3,4	
13/05/2021	Henry Schein, Inc.	Annual	Against	2 1b 1i	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Lack of independence on board 2- Lack of independent representation at board committees 3- Non-independent Chairman
13/05/2021	Intel Corporation	Annual	Against	3 5,6	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
13/05/2021	Juniper Networks, Inc.	Annual	All For		
13/05/2021	KeyCorp	Annual	All For		
13/05/2021	Las Vegas Sands Corp.	Annual	Against	3 1.8 1.10	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
13/05/2021	Martin Marietta Materials, Inc.	Annual	Against	1.5,3	
13/05/2021	Norfolk Southern Corporation	Annual	Against	3 1m 1b 5 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks Shareholder proposal promotes enhanced shareholder rights
13/05/2021	Nucor Corporation	Annual	Against	3 1.2 1.6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Inadequate management of climate-related risksConcerns related to approach to board diversity

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
13/05/2021	O'Reilly Automotive, Inc.	Annual	Against	1f,1g,2,4	
13/05/2021	Onex Corporation	Annual	All For		
13/05/2021	SBA Communications Corp.	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversity
13/05/2021	Teledyne Technologies Incorporated	Special	All For		
13/05/2021	The Charles Schwab Corporation	Annual	Against	3 1b 1d 5 4	Apparent failure to link pay & appropriate performance Concerns about overall board structure Concerns related to inappropriate membership of committees SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
13/05/2021	Union Pacific Corporation	Annual	Against	1g 6,7,8	Concerns related to board ethnic and/or racial diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
13/05/2021	United Parcel Service, Inc.	Annual	Against	5 2 1i 1h 7,9 6	 Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value 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
13/05/2021	Verizon Communications Inc.	Annual	Against	5,6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
13/05/2021	Westlake Chemical Corporation	Annual	Against	1.3 1.4 1.1,1.2	Concerns about overall board structureConcerns related to approach to board gender diversity Concerns about overall board structureConcerns related to approach to board gender diversityConcerns about remuneration committee performance Concerns related to inappropriate membership of committeesConcerns about overall board structureConcerns related to approach to board gender diversity
14/05/2021	ANSYS, Inc.	Annual	Against	4 1c 5	Apparent failure to link pay & appropriate performance Concerns about overall board structure SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
14/05/2021	Baker Hughes Company	Annual	Against	2 1.2 1.7	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
14/05/2021	IAC/InteractiveCorp.	Annual	Against	7 6 4c 4d 2,3	Annual vote provides for greater shareholder oversight Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Concerns related to approach to board gender diversityConcerns about remuneration committee performance Concerns to protect shareholder value
14/05/2021	Intercontinental Exchange, Inc.	Annual	Against	1l 1k 4	Concerns about remuneration committee performance Concerns regarding audit quality SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
14/05/2021	Power Corporation of Canada	Annual	Against	3 1.6 1.4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversityConcerns to protect shareholder value
14/05/2021	Seagen Inc.	Annual	Against	2 1c 1a	Apparent failure to link pay and appropriate performance Concerns about overall board structure Concerns about remuneration committee performance
14/05/2021	Sempra Energy	Annual	Against	5 4	SH: Against shareholder resolution, against management recommendation / Shareholder proposal does not promote better management of ESG opportunities and risks 2- SH: Against shareholder resolution, against management recommendation / Shareholder proposal does not promote transparency SH: Against shareholder resolution, against management recommendation / Shareholder proposal does not promote enhanced shareholder rights

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
14/05/2021	The Western Union Company	Annual	Against	2 1e 1f	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights 2- Concerns related to board ethnic and/or racial diversity 3- Concerns related to board gender diversity Concerns about remuneration committee performance
14/05/2021	Vulcan Materials Company	Annual	Against	1c	Combined CEO/Chair 2- Concerns about overall board structure 3- Concerns related to below-board gender diversity 4- Concerns related to board ethnic and/or racial diversity
14/05/2021	Waste Connections, Inc.	Annual	Against	2 1h 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to succession planning
14/05/2021	Weyerhaeuser Company	Annual	All For		
14/05/2021	Wheaton Precious Metals Corp.	Annual/Special	Against	c a3 a1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
14/05/2021	Zebra Technologies Corporation	Annual	Against	2 1.3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversity Concerns about remuneration committee performanceConcerns about overall board structureConcerns related to approach to board diversity
14/05/2021	Zimmer Biomet Holdings, Inc.	Annual	Against	3 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
17/05/2021	Consolidated Edison, Inc.	Annual	Against	3 1.11	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
17/05/2021	Nutrien Ltd.	Annual	Against	3 1.9	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
17/05/2021	Teladoc Health, Inc.	Annual	Against	2 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
17/05/2021	The Hershey Company	Annual	Against	3 1.1 1.6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
18/05/2021	Alexandria Real Estate Equities, Inc.	Annual	Against	2 1.2 1.3	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns to protect shareholder value
18/05/2021	Alnylam Pharmaceuticals, Inc.	Annual	Against	2 1d	Apparent failure to link pay and appropriate performance Concerns about overall board structure
18/05/2021	Amgen Inc.	Annual	Against	1e	
18/05/2021	Chipotle Mexican Grill, Inc.	Annual	Against	2 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
18/05/2021	FirstEnergy Corp.	Annual	Against	1.3	Concerns related to approach to board gender diversityConcerns related to approach to board diversity
18/05/2021	Invitation Homes, Inc.	Annual	Against	3 1.7	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
18/05/2021	JPMorgan Chase & Co.	Annual	Against	2 1a 1d 1c 6 7 8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to potential conflict of interests Inadequate management of climate-related risks 2- Concerns to protect shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 3- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency Shareholder proposal promotes appropriate accountability or incentivisation Shareholder proposal promotes transparency
18/05/2021	Mid-America Apartment Communities, Inc.	Annual	Against	2 1i 1h	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
18/05/2021	Motorola Solutions, Inc.	Annual	Against	1a,1b,1c,1f,1g,3	Fund manager or client vote
18/05/2021	PPL Corporation	Annual	Against	1d	Inadequate management of climate-related risks 2- Overboarded/Too many other time commitments
18/05/2021	Principal Financial Group, Inc.	Annual	Against	2 1.1	Apparent failure to link pay and appropriate performance Concerns about overall board structure
18/05/2021	Realty Income Corporation	Annual	Against	3 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
19/05/2021	Advanced Micro Devices, Inc.	Annual	Against	3 1b 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
19/05/2021	Align Technology, Inc.	Annual	Against	5 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
19/05/2021	Amphenol Corporation	Annual	Against	3 1.1 1.3 6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity Shareholder proposal promotes appropriate accountability or incentivisation
19/05/2021	Annaly Capital Management, Inc.	Annual	Against	2 1k	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
19/05/2021	Burlington Stores, Inc.	Annual	Against	3 1.2,1.4	Apparent failure to link pay and appropriate performance Concerns about overall board structure
19/05/2021	CBRE Group, Inc.	Annual	Against	3 1b 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes appropriate accountability or incentivisation
19/05/2021	Cerner Corporation	Annual	Against	3 1a 4	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversity Shareholder proposal promotes enhanced shareholder rights
19/05/2021	Elanco Animal Health, Inc.	Annual	Against	3 1b	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
19/05/2021	Fidelity National Information Services, Inc.	Annual	Against	2	Apparent failure to link pay & appropriate performance
19/05/2021	Fiserv, Inc.	Annual	Against	2 1.7	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
19/05/2021	Halliburton Company	Annual	Against	3 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
19/05/2021	Hilton Worldwide Holdings, Inc.	Annual	Against	3 1g	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
19/05/2021	Lumen Technologies, Inc.	Annual	Against	1b	Concerns related to board gender diversity
19/05/2021	Mondelez International, Inc.	Annual	Against	2 1c	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
19/05/2021	Neurocrine Biosciences, Inc.	Annual	Against	2 1.2,1.3	Apparent failure to link pay and appropriate performance Concerns about overall board structure
19/05/2021	Northland Power Inc.	Annual/Special	Against	3	Concerns related to board ethnic and/or racial diversity
19/05/2021	Northrop Grumman Corporation	Annual	Against	4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
19/05/2021	Old Dominion Freight Line, Inc.	Annual	Against	2 1.10 1.7	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
19/05/2021	Pinnacle West Capital Corporation	Annual	Against	2 1.3 1.6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
19/05/2021	Robert Half International Inc.	Annual	All For		
19/05/2021	Ross Stores, Inc.	Annual	Against	2 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns related to board ethnic and/or racial diversity
19/05/2021	Southwest Airlines Co.	Annual	Against	2 1a 1d 5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity Shareholder proposal promotes appropriate accountability or incentivisation
19/05/2021	SS&C Technologies Holdings, Inc.	Annual	Against	2 1	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns related to approach to board gender diversity
19/05/2021	State Street Corporation	Annual	Against	1l 4	Overboarded/Too many other time commitments SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency 3- SH: For shareholder resolution, no management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
19/05/2021	Steel Dynamics, Inc.	Annual	Against	3 1.8 1.9	Apparent failure to link pay & appropriate performance Concerns about overall board structure 2- Concerns related to board ethnic and/or racial diversity 3- Concerns related to board gender diversity 4- Inadequate management of climate-related risks Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
19/05/2021	Sun Communities, Inc.	Annual	Against	2 1e 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to succession planning
19/05/2021	The Hartford Financial Services Group, Inc.	Annual	Against	3 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
19/05/2021	Thermo Fisher Scientific Inc.	Annual	Against	2 1l 1i 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to approach to board diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
19/05/2021	Universal Health Services, Inc.	Annual	All For		
19/05/2021	Verisk Analytics, Inc.	Annual	All For		
19/05/2021	Vertex Pharmaceuticals Incorporated	Annual	Against	3 1.10 4,5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes transparency
19/05/2021	Vontier Corp.	Annual	Against	3	Apparent failure to link pay and appropriate performance
19/05/2021	Westinghouse Air Brake Technologies Corporation	Annual	Against	2 1.3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversity Concerns about remuneration committee performanceConcerns about overall board structureConcerns related to approach to board diversity
19/05/2021	Xcel Energy Inc.	Annual	Against	2 1j	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns related to approach to board diversity
20/05/2021	Alliant Energy Corporation	Annual	Against	1.3	Concerns about overall board structure
20/05/2021	Altria Group, Inc.	Annual	Against	4,5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
20/05/2021	AvalonBay Communities, Inc.	Annual	Against	3 1g 1k	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
20/05/2021	Boston Properties, Inc.	Annual	Against	2 1b 1h	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
20/05/2021	CDW Corp.	Annual	Against	2 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/05/2021	DexCom, Inc.	Annual	Against	3 1.2	Apparent failure to link pay & appropriate performance Concerns related to board ethnic and/or racial diversity
20/05/2021	DTE Energy Company	Annual	Against	3 1.2 1.3 5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity Shareholder proposal promotes transparency
20/05/2021	Equitable Holdings, Inc.	Annual	Against	3 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns to protect shareholder value
20/05/2021	Gentex Corporation	Annual	All For		
20/05/2021	Hasbro, Inc.	Annual	Against	2 1.4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/05/2021	Host Hotels & Resorts, Inc.	Annual	Against	3 1.1 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
20/05/2021	Kansas City Southern	Annual	Against	3 1.8	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
20/05/2021	Lear Corporation	Annual	All For		
20/05/2021	Marsh & McLennan Companies, Inc.	Annual	Against	1h,2	
20/05/2021	McDonald's Corporation	Annual	Against	2 1g 1e 4,5	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
20/05/2021	Mohawk Industries, Inc.	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns related to approach to board gender diversityConcerns related to board ethnic and/or racial diversity

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
20/05/2021	Morgan Stanley	Annual	Against	3 1k	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/05/2021	NextEra Energy, Inc.	Annual	Against	3 1e	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
20/05/2021	Shaw Communications Inc.	Special	All For		
20/05/2021	Synchrony Financial	Annual	Against	2 1j	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/05/2021	The Home Depot, Inc.	Annual	Against	3 1f 6 5	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 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
20/05/2021	The Travelers Companies, Inc.	Annual	Against	3 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/05/2021	Vornado Realty Trust	Annual	Against	3 1.8 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to succession planning
20/05/2021	Zoetis Inc.	Annual	Against	1c 4	Concerns about overall board structure SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
21/05/2021	Crown Castle International Corp.	Annual	Against	1c,3 1d	 Concerns related to minority shareholder interest
21/05/2021	Honeywell International Inc.	Annual	Against	2 1H	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
21/05/2021	Quest Diagnostics Incorporated	Annual	Against	2 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
21/05/2021	Republic Services, Inc.	Annual	Against	2 1d 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
25/05/2021	BioMarin Pharmaceutical Inc.	Annual	Against	3 1.4	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance 2- Overboarded/Too many other time commitments
25/05/2021	Howmet Aerospace Inc.	Annual	Against	3 1e 1b 4	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversity SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
25/05/2021	IPG Photonics Corporation	Annual	Against	1.6	Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
25/05/2021	Leggett & Platt, Incorporated	Annual	Against	3 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
25/05/2021	Liberty Media Corp.	Annual	Against	3 1.3 1.1 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns related to approach to board gender diversity Concerns to protect shareholder value Overboarded/Too many other time commitments
25/05/2021	M&T Bank Corporation	Special	All For		
25/05/2021	Merck & Co., Inc.	Annual	Against	2	Apparent failure to link pay & appropriate performance
25/05/2021	NiSource Inc.	Annual	Against	2 1c 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes enhanced shareholder rights
25/05/2021	OneMain Holdings, Inc.	Annual	Against	1.2	Concerns to protect shareholder valueConcerns related to attendance at board or committee meetings
25/05/2021	People's United Financial, Inc.	Special	Against	2	Apparent failure to link pay and appropriate performance
25/05/2021	The Allstate Corporation	Annual	Against	2 1c 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
25/05/2021	Ventas, Inc.	Annual	Against	2	Apparent failure to link pay & appropriate performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/05/2021	Advance Auto Parts, Inc.	Annual	Against	2 4	Apparent failure to link pay and appropriate performance Shareholder proposal promotes enhanced shareholder rights
26/05/2021	Amazon.com, Inc.	Annual	Against	1e,3 1c,1g,1i 5 4,6,7,8,9,10,13,14 12	Apparent failure to link pay & appropriate performance Concerns about overall performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 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
26/05/2021	American Tower Corporation	Annual	Against	4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
26/05/2021	Anthem, Inc.	Annual	Against	1.2	
26/05/2021	BlackRock, Inc.	Annual	Against	2 1e	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
26/05/2021	Chevron Corporation	Annual	Against	1d 8 9 1a,1j 4,5,7	Concerns about remuneration committee performance For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights Inadequate management of climate-related risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
26/05/2021	Coupa Software, Inc.	Annual	Against	3 1.1	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns to protect shareholder value
26/05/2021	DENTSPLY SIRONA Inc.	Annual	All For		
26/05/2021	Dollar General Corporation	Annual	Against	2 1c 1b 6	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity Shareholder proposal promotes appropriate accountability or incentivisation
26/05/2021	Equinix, Inc.	Annual	Against	2 1.5 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
26/05/2021	Extra Space Storage Inc.	Annual	Against	3 1.3 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
26/05/2021	Exxon Mobil Corporation	Proxy Contest	Against No Action Taken	4 6,8,9,10 5 1.1,1.2,1.3,1.4,1.5,1.6,1.7,1.8,1.9,1.10,1.11,1.12,2,3,4,5,6,7,8,9,10	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 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
26/05/2021	Facebook, Inc.	Annual	Against	3 1.2,1.3,1.5 1.7 5 6,8,9 4	Apparent failure to link pay & appropriate performance Concerns about overall performance Concerns about remuneration committee performance 2- Concerns to protect shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 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
26/05/2021	Hydro One Limited	Annual	Against	1B	Concerns related to board ethnic and/or racial diversity
26/05/2021	Illumina, Inc.	Annual	All For		
26/05/2021	Incyte Corporation	Annual	Against	2 1.2 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/05/2021	Liberty Broadband Corp.	Annual	Against	4 3 1.2 1.1 5	Annual vote provides for greater shareholder oversight Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns about remuneration committee performanceConcerns about overall board structureConcerns related to approach to board diversityConcerns to protect shareholder value Shareholder proposal promotes enhanced shareholder rights
26/05/2021	Molson Coors Beverage Company	Annual	Against	2 1.3	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversity
26/05/2021	ONEOK, Inc.	Annual	Against	3 1.8 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversityConcerns related to approach to board diversity
26/05/2021	PayPal Holdings, Inc.	Annual	Against	5	Apparent failure to link pay & appropriate performance
26/05/2021	RioCan Real Estate Investment Trust	Annual	Against	3 1.2 1.10	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
26/05/2021	Shopify, Inc.	Annual/Special	Against	3,4,5 1B 1F	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversityConcerns to protect shareholder value
26/05/2021	The Southern Company	Annual	All For		
26/05/2021	United Airlines Holdings, Inc.	Annual	Against	4 8 7	Apparent failure to link pay and appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency Shareholder proposal promotes transparency
26/05/2021	Welltower, Inc.	Annual	Against	3	Apparent failure to link pay & appropriate performance
27/05/2021	Insulet Corporation	Annual	Against	2 1.3	Apparent failure to link pay and appropriate performance Concerns about overall board structure
27/05/2021	Masimo Corporation	Annual	Against	3	Apparent failure to link pay and appropriate performance
27/05/2021	Pinterest, Inc.	Annual	Against	3 1b	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
27/05/2021	Pioneer Natural Resources Company	Annual	Against	1k	
27/05/2021	The Interpublic Group of Companies, Inc.	Annual	Against	3 1.9 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes appropriate accountability or incentivisation
27/05/2021	The Trade Desk, Inc.	Annual	Against	1.2	Concerns about overall board structureConcerns to protect shareholder value
27/05/2021	UDR, Inc.	Annual	Against	3 1h 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
27/05/2021	VeriSign, Inc.	Annual	Against	1.3	Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity
27/05/2021	Voya Financial, Inc.	Annual	All For		
28/05/2021	DocuSign, Inc.	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns to protect shareholder value
28/05/2021	Lowes Companies, Inc.	Annual	Against	1.3,2,4	
28/05/2021	Southern Copper Corporation	Annual	Against	3 1.1 1.8,1.10 1.6 4	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance 2- Concerns related to board gender diversity 3- Concerns related to inappropriate membership of committees 4- Inadequate management of climate-related risks Concerns related to board gender diversity Concerns related to board gender diversity 2- Concerns related to inappropriate membership of committees 3- Inadequate management of climate-related risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
28/05/2021	Yum China Holdings, Inc.	Annual	Against	3 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
01/06/2021	Arista Networks, Inc.	Annual	Against	2 1.2	Apparent failure to link pay & appropriate performance Concerns about overall board structure 2- Concerns about overall performance
01/06/2021	Avangrid, Inc.	Annual	Against	3 1.12 1.9	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees Lack of independence on boardConcerns about remuneration committee performance
01/06/2021	Cognizant Technology Solutions Corporation	Annual	Against	2 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
01/06/2021	SolarEdge Technologies, Inc.	Annual	Against	3 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns about overall board structureConcerns related to approach to board diversityConcerns to protect shareholder value
02/06/2021	Alphabet Inc.	Annual	Against	3 1h 1d 1j 1f 6,8 5,7 4	Apparent failure to link pay and appropriate performance Concerns about overall performance 2- Concerns to protect shareholder value 3- Overboarded/Too many other time commitments Concerns about overall performance 2- Lack of independence on board Concerns about remuneration committee performance 2- Concerns related to potential conflict of interests Concerns about remuneration committee performance 2- Concerns related to potential conflict of interests 3- Overboarded/Too many other time commitments SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks 3- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency Shareholder proposal promotes better management of SEE opportunities and risks Shareholder proposal promotes enhanced shareholder rights
02/06/2021	Biogen Inc.	Annual	Against	3 1j 6 5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency Shareholder proposal promotes transparency
02/06/2021	Canadian Apartment Properties Real Estate Investm	Annual	Against	3 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
02/06/2021	Comcast Corporation	Annual	Against	1.1,1.4,2 4	 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
02/06/2021	CoStar Group, Inc.	Annual	Against	1a,3,6 1g	 Concerns to protect shareholder value
02/06/2021	GoDaddy, Inc.	Annual	Against	3 1.2 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
02/06/2021	Hess Corporation	Annual	All For		
02/06/2021	SEI Investments Company	Annual	Against	2 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns about overall board structureConcerns related to succession planning
02/06/2021	Tourmaline Oil Corp.	Annual	Against	1.7	Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
02/06/2021	Ulta Beauty, Inc.	Annual	Against	3 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns about overall board structure
02/06/2021	Walmart Inc.	Annual	Against	2 1i 7,8 4,5,6	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 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
03/06/2021	Akamai Technologies, Inc.	Annual	Against	3 1.10	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
03/06/2021	Booking Holdings Inc.	Annual	Against	2,5 8 7	 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
03/06/2021	Cloudflare, Inc.	Annual	Against	3 1.1	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns to protect shareholder value
03/06/2021	Diamondback Energy, Inc.	Annual	Against	2 1.4	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
03/06/2021	Digital Realty Trust, Inc.	Annual	Against	3 1d 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversityConcerns to protect shareholder value

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
03/06/2021	Gartner, Inc.	Annual	Against	1e,2 1f	 Concerns related to minority shareholder interest / Concerns related to succession planning
03/06/2021	HubSpot, Inc.	Annual	Against	1c	
03/06/2021	Lincoln National Corporation	Annual	Against	3 1.10 5	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
03/06/2021	Netflix, Inc.	Annual	Against	3 1c 1b,1d 1a 5 4	Apparent failure to link pay & appropriate performance Concerns about overall board structure 2- Concerns about overall performance Concerns about overall board structure 2- Concerns about overall performance 3- Concerns about remuneration committee performance Concerns about overall board structure 2- Concerns about overall performance 3- Overboarded/Too many other time commitments SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
03/06/2021	NVIDIA Corporation	Annual	All For		
03/06/2021	Santander Consumer USA Holdings, Inc.	Annual	Against	4 3 1.7 1.11 1.1,1.8	Annual vote provides for greater shareholder oversight Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board gender diversity Concerns related to inappropriate membership of committees
03/06/2021	Sarepta Therapeutics, Inc.	Annual	Against	2 1.1 1.3	Apparent failure to link pay and appropriate performance Concerns about overall board structure Concerns about remuneration committee performance
03/06/2021	Sirius XM Holdings, Inc.	Annual	Against	1.7 1.5 1.13	Concerns related to inappropriate membership of committees Concerns related to inappropriate membership of committeesOverboarded/Too many other time commitments Overboarded/Too many other time commitments
03/06/2021	T-Mobile US, Inc.	Annual	Against	1.12 1.6,1.13 1.5 1.1 1.8	Concerns about remuneration committee performance Concerns about remuneration committee performance 2- Concerns related to inappropriate membership of committees Concerns about remuneration committee performance 2- Concerns related to inappropriate membership of committees Concerns about remuneration committee performance 2- Overboarded/Too many other time commitments Concerns related to inappropriate membership of committees 2- Lack of independence on board
03/06/2021	The Descartes Systems Group Inc.	Annual	All For		
03/06/2021	VEREIT, Inc.	Annual	Against	3 1h 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
04/06/2021	Citrix Systems, Inc.	Annual	Against	4	
04/06/2021	RingCentral, Inc.	Annual	Against	3 1.4 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
07/06/2021	ServiceNow, Inc.	Annual	All For		
07/06/2021	UnitedHealth Group Incorporated	Annual	Against	1b,2,5	
08/06/2021	EPAM Systems, Inc.	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversity
08/06/2021	Fortive Corporation	Annual	Against	3 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
08/06/2021	Freeport-McMoRan, Inc.	Annual	Against	3 1.5	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
08/06/2021	MercadoLibre, Inc.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
08/06/2021	The TJX Companies, Inc.	Annual	Against	1e 3 1d 4 5	 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 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
08/06/2021	Workday, Inc.	Annual	Against	1.4 3 1.2	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance Concerns about overall board structure
08/06/2021	Zillow Group, Inc.	Annual	Against	4 3 1.2	Annual vote provides for greater shareholder oversight Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns to protect shareholder value
09/06/2021	American Airlines Group Inc.	Annual	Against	3 1i 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes enhanced shareholder rights
09/06/2021	Caterpillar Inc.	Annual	Against	3 1.6 4,5	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
09/06/2021	Dollarama Inc.	Annual	Against	3 4	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
09/06/2021	Expedia Group, Inc.	Annual	Against	4	
09/06/2021	lululemon athletica inc.	Annual	Against	1c,3	
09/06/2021	MarketAxess Holdings Inc.	Annual	Against	3 1c 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns related to approach to board diversity
09/06/2021	Target Corporation	Annual	Against	4	
09/06/2021	Thomson Reuters Corporation	Annual	Against	1.6 4	Inadequate management of climate-related risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
10/06/2021	Datadog, Inc.	Annual	Against	2 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns to protect shareholder value
10/06/2021	DaVita Inc.	Annual	Against	3 1c 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes transparency
10/06/2021	Discovery, Inc.	Annual	Against	1.3 1.1	Concerns about overall board structure 2- Concerns related to board gender diversity 3- Overboarded/Too many other time commitments Concerns about remuneration committee performance
10/06/2021	Dollar Tree, Inc.	Annual	Against	1h	Concerns related to approach to board diversity
10/06/2021	FleetCor Technologies, Inc.	Annual	Against	1f	Concerns about overall board structureConcerns related to approach to board gender diversityConcerns related to approach to board diversity
10/06/2021	Live Nation Entertainment, Inc.	Annual	Against	1.9 1.8	Concerns related to approach to board gender diversityConcerns related to approach to board diversity Overboarded/Too many other time commitments
10/06/2021	Monolithic Power Systems, Inc.	Annual	Against	3 1.1 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to succession planningConcerns related to approach to board gender diversity Concerns about remuneration committee performance
10/06/2021	Roku, Inc.	Annual	Against	2 1a	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns to protect shareholder value
10/06/2021	salesforce.com, inc.	Annual	Against	4 1h	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
11/06/2021	B2Gold Corp.	Annual/Special	Against	6 2.2 2.9	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity
11/06/2021	Brookfield Asset Management Inc.	Annual	All For		
11/06/2021	Etsy, Inc.	Annual	Against	3 1c 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
11/06/2021	Regeneron Pharmaceuticals, Inc.	Annual	Against	1b 1c 1d	Concerns about overall board structureConcerns to protect shareholder valueConcerns related to succession planning Concerns about remuneration committee performance Concerns related to attendance at board or committee meetings
14/06/2021	General Motors Company	Annual	Against	5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
14/06/2021	Roper Technologies, Inc.	Annual	Against	2 1.6	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
15/06/2021	Caesars Entertainment, Inc.	Annual	Against	2 1.4 6	Apparent failure to link pay and appropriate performance Concerns related to approach to board diversityConcerns related to board ethnic and/or racial diversity Concerns to protect shareholder value
15/06/2021	eBay Inc.	Annual	Against	3 1b	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
15/06/2021	Match Group, Inc.	Annual	Against	1a	Concerns about overall board structure 2- Concerns to protect shareholder value
15/06/2021	MetLife, Inc.	Annual	All For		
15/06/2021	Monster Beverage Corporation	Annual	Against	3 1.9 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
15/06/2021	Nasdaq, Inc.	Annual	Against	2 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
15/06/2021	Square, Inc.	Annual	Against	1.1 4,5	Concerns about overall board structure SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
15/06/2021	W. R. Berkley Corporation	Annual	Against	3 1b,1d,1e 1c	Apparent failure to link pay and appropriate performance Concerns about overall board structure Concerns about overall board structureConcerns about remuneration committee performance
16/06/2021	Altice USA, Inc.	Annual	Against	1i 1f	 Concerns to protect shareholder value, Concerns about remuneration committee performance
16/06/2021	Autodesk, Inc.	Annual	Against	3 1f	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
16/06/2021	Best Buy Co., Inc.	Annual	All For		
16/06/2021	Fidelity National Financial, Inc.	Annual	Against	2 1.4	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns related to approach to board gender diversity
16/06/2021	Ingersoll Rand, Inc.	Annual	Against	5	Apparent failure to link pay & appropriate performance
16/06/2021	Restaurant Brands International, Inc.	Annual	Against	1.1	Concerns related to board gender diversity
16/06/2021	Twilio, Inc.	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns to protect shareholder value
17/06/2021	Delta Air Lines, Inc.	Annual	Against	5	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
17/06/2021	Equity Residential	Annual	Against	3 1.5	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
17/06/2021	Lyft, Inc.	Annual	Against	3 1.2 1.3 4	Apparent failure to link pay and appropriate performance Concerns about overall board structure Concerns about remuneration committee performanceConcerns about overall board structureConcerns to protect shareholder value Shareholder proposal promotes transparency
17/06/2021	Okta, Inc.	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns about overall board structureConcerns to protect shareholder value
17/06/2021	Splunk Inc.	Annual	Against	1a	Concerns about overall board structure
17/06/2021	W. P. Carey Inc.	Annual	Against	2 1c	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
17/06/2021	Zoom Video Communications, Inc.	Annual	Against	3 1.2 1.3	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns to protect shareholder value Concerns about remuneration committee performance
18/06/2021	Fortinet, Inc.	Annual	Against	3 1.8	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
18/06/2021	Keurig Dr Pepper Inc.	Annual	Against	2 1F	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
21/06/2021	Activision Blizzard, Inc.	Annual	Against	1g,2	
22/06/2021	Dell Technologies, Inc.	Annual	Against	1.3	Concerns related to board ethnic and/or racial diversity 2- Concerns related to inappropriate membership of committees 3- Concerns to protect shareholder value 4- Overboarded/Too many other time commitments
22/06/2021	First Capital Real Estate Investment Trust	Annual	Against	3 1.9	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
22/06/2021	Kinaxis, Inc.	Annual/Special	Against	3,4,5 1.3	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
22/06/2021	Mastercard Incorporated	Annual	Against	2 1c	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
23/06/2021	Veeva Systems, Inc.	Annual	Against	4 1e 1g 6	Annual vote provides for greater shareholder oversight Concerns related to below-board gender diversity 2- Concerns related to board gender diversity Overboarded/Too many other time commitments SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
24/06/2021	The Kroger Co.	Annual	Against	2 4	 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
24/06/2021	Twitter, Inc.	Annual	Against	2 1d	Apparent failure to link pay & appropriate performance Concerns about overall performance 2- Concerns related to board ethnic and/or racial diversity 3- Concerns related to board gender diversity
29/06/2021	CarMax, Inc.	Annual	Against	3 1b 1e 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns related to approach to board diversity Shareholder proposal promotes transparency
29/06/2021	H&R Real Estate Investment Trust	Annual	All For		
29/06/2021	MongoDB, Inc.	Annual	Against	2 1.1	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value
30/06/2021	CrowdStrike Holdings, Inc.	Annual	Against	4 3 1.2 1.3	Annual vote provides for greater shareholder oversight Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
30/06/2021	Exact Sciences Corporation	Annual	Against	3	Apparent failure to link pay and appropriate performance
01/04/2021	Scottish American Investment Co. Plc	Annual	All For		
01/04/2021	St. Modwen Properties Plc	Annual	All For		
06/04/2021	SSP Group Plc	Special	All For		
07/04/2021	Law Debenture Corp. Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
09/04/2021	Rio Tinto Plc	Annual	Against	2,3,4 12	Apparent failure to link pay & appropriate performance Concerns about overall performance
12/04/2021	Cineworld Group Plc	Special	All For		
14/04/2021	Smith & Nephew Plc	Annual	All For		
15/04/2021	Helios Towers Plc	Annual	Against	13	Overboarded/Too many other time commitments
20/04/2021	Carnival Plc	Annual	Against	10	Concerns related to board ethnic and/or racial diversity
20/04/2021	Herald Investment Trust Plc	Annual	Abstain	3	
21/04/2021	Bunzl Plc	Annual	Against	8,9	Overboarded/Too many other time commitments
21/04/2021	Drax Group Plc	Annual	All For		
21/04/2021	Serco Group Plc	Annual	Against	3	Apparent failure to link pay and appropriate performance
22/04/2021	Aggreko Plc	Annual	Against	3	Apparent failure to link pay & appropriate performance
22/04/2021	Alliance Trust Plc	Annual	All For		
22/04/2021	CLS Holdings Plc	Annual	All For		
22/04/2021	Domino's Pizza Group Plc	Annual	Against	16	Apparent failure to link pay and appropriate performance
22/04/2021	Ibstock Plc	Annual	Against	13	Apparent failure to link pay and appropriate performance
22/04/2021	National Grid Plc	Special	All For		
22/04/2021	RELX Plc	Annual	All For		
22/04/2021	RIT Capital Partners Plc	Annual	All For		
22/04/2021	SEGRO Plc	Annual	All For		
22/04/2021	Taylor Wimpey Plc	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
23/04/2021	BB Healthcare Trust Plc	Annual	All For		
23/04/2021	Hikma Pharmaceuticals Plc	Annual	Against	15	Apparent failure to link pay & appropriate performance
23/04/2021	Murray International Trust Plc	Annual	All For		
26/04/2021	Aggreko Plc	Court	All For		
26/04/2021	Aggreko Plc	Special	All For		
26/04/2021	Polymetal International Plc	Annual	All For		
27/04/2021	Diversified Energy Co. Plc	Annual	All For		
27/04/2021	Travis Perkins Plc	Annual	Against	3	Apparent failure to link pay & appropriate performance
27/04/2021	Travis Perkins Plc	Special	All For		
28/04/2021	British American Tobacco plc	Annual	Abstain Against	9 2	Concerns related to potential conflict of interests Apparent failure to link pay & appropriate performance
28/04/2021	FDM Group (Holdings) Plc	Annual	Against	3 15	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
28/04/2021	Greencoat UK Wind Plc	Annual	All For		
28/04/2021	London Stock Exchange Group Plc	Annual	Against	3	Apparent failure to link pay and appropriate performance
28/04/2021	NatWest Group Plc	Annual	All For		
28/04/2021	Pershing Square Holdings Ltd.	Annual	Against	8	Overboarded/Too many other time commitments
28/04/2021	Persimmon Plc	Annual	All For		
28/04/2021	Smithson Investment Trust PLC	Annual	All For		
28/04/2021	Spirent Communications Plc	Annual	Against	3	Apparent failure to link pay and appropriate performance
28/04/2021	Witan Investment Trust Plc	Annual	All For		
29/04/2021	Allianz Technology Trust Plc	Annual	All For		
29/04/2021	BlackRock World Mining Trust Plc	Annual	All For		
29/04/2021	Glencore Plc	Annual	Against	4	Concerns about overall performance 2- Concerns related to below-board gender diversity
29/04/2021	ITV Plc	Annual	All For		
29/04/2021	Meggitt Plc	Annual	Against	2,3 4	Apparent failure to link pay and appropriate performance Overboarded/Too many other time commitments
29/04/2021	Schroders Plc	Annual	All For		
29/04/2021	Synthomer Plc	Annual	Against	7	Overboarded/Too many other time commitments
29/04/2021	The Weir Group Plc	Annual	Against	2,3 6	Apparent failure to link pay & appropriate performance Concerns related to board gender diversity
30/04/2021	Admiral Group Plc	Annual	All For		
30/04/2021	Aptiv Plc	Annual	Against	3 1e	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
30/04/2021	Pearson Plc	Annual	Against	12	
30/04/2021	Rotork Plc	Annual	All For		
04/05/2021	Apax Global Alpha Ltd.	Annual	All For		
04/05/2021	Hammerson Plc	Annual	Abstain Against	9 16 6	 Concerns related to Non-audit fees Overboarded/Too many other time commitments
05/05/2021	Anglo American Plc	Annual	All For		
05/05/2021	Anglo American Plc	Court	Against	1	Inadequate management of climate-related risks
05/05/2021	Anglo American Plc	Special	Against	1	Inadequate management of climate-related risks
05/05/2021	Barclays Plc	Annual	All For		
05/05/2021	Clarkson Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
05/05/2021	GlaxoSmithKline Plc	Annual	All For		
05/05/2021	The Renewables Infrastructure Group Ltd.	Annual	All For		
05/05/2021	Tritax Big Box REIT Plc	Annual	All For		
05/05/2021	Unilever Plc	Annual	All For		
06/05/2021	Ascential Plc	Annual	Against	2,3,4	Apparent failure to link pay and appropriate performance
06/05/2021	Avast Plc	Annual	Against	2 14	Apparent failure to link pay & appropriate performance Concerns related to Non-audit fees
06/05/2021	Aviva Plc	Annual	Against	3	
06/05/2021	BAE Systems Plc	Annual	Against	2	

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
06/05/2021	Howden Joinery Group Plc	Annual	All For		
06/05/2021	IMI Plc	Annual	Against	4	Apparent failure to link pay and appropriate performance
06/05/2021	Indivior Plc	Annual	Against	2,3 14 4	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Concerns related to inappropriate membership of committees
06/05/2021	John Laing Group Plc	Annual	All For		
06/05/2021	Jupiter Fund Management plc	Annual	Against	3	Apparent failure to link pay & appropriate performance
06/05/2021	Melrose Industries Plc	Annual	All For		
06/05/2021	Melrose Industries Plc	Special	All For		
06/05/2021	Mondi Plc	Annual	All For		
06/05/2021	Morgan Advanced Materials Plc	Annual	All For		
06/05/2021	Morgan Sindall Group plc	Annual	All For		
06/05/2021	Rathbone Brothers Plc	Annual	Against	3	Apparent failure to link pay & appropriate performance
07/05/2021	ConvaTec Group Plc	Annual	All For		
07/05/2021	InterContinental Hotels Group Plc	Annual	All For		
07/05/2021	Man Group Plc (Jersey)	Annual	All For		
07/05/2021	Rightmove Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
10/05/2021	Centrica Plc	Annual	All For		
10/05/2021	F&C Investment Trust Plc	Annual	All For		
11/05/2021	AstraZeneca Plc	Annual	Against	7,14 6	 Apparent failure to link pay and appropriate performance
11/05/2021	AstraZeneca Plc	Special	All For		
11/05/2021	Cairn Energy Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
11/05/2021	Capita Plc	Annual	All For		
11/05/2021	Capital & Counties Properties Plc	Annual	All For		
11/05/2021	Centamin Plc	Annual	All For		
11/05/2021	Fidelity European Trust Plc	Annual	All For		
11/05/2021	HgCapital Trust Plc	Annual	All For		
11/05/2021	IWG Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
11/05/2021	Just Group Plc	Annual	All For		
12/05/2021	Antofagasta Plc	Annual	Against	2 22 4	Apparent failure to link pay & appropriate performance Concerns about reducing shareholder rights Concerns related to below-board gender diversity
12/05/2021	Antofagasta Plc	Special	Against	1	Concerns to protect shareholder value
12/05/2021	BP Plc	Annual	All For		
12/05/2021	Cineworld Group Plc	Annual	Against	2,3 10 21	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
12/05/2021	ContourGlobal Plc	Annual	Against	2 4	Apparent failure to link pay & appropriate performance Concerns related to approach to board diversityConcerns related to succession planning
12/05/2021	Marshalls Plc	Annual	All For		
12/05/2021	National Express Group Plc	Annual	Against	2,3	Apparent failure to link pay and appropriate performance
12/05/2021	Primary Health Properties Plc	Annual	All For		
12/05/2021	Rentokil Initial Plc	Annual	Against	2,3,4	Apparent failure to link pay & appropriate performance
12/05/2021	Savills Plc	Annual	All For		
12/05/2021	Spirax-Sarco Engineering Plc	Annual	All For		
12/05/2021	Standard Chartered Plc	Annual	All For		
12/05/2021	TP ICAP Group Plc	Annual	Against	3	Apparent failure to link pay and appropriate performance
12/05/2021	Ultra Electronics Holdings Plc	Annual	All For		
12/05/2021	Vesuvius Plc	Annual	All For		
13/05/2021	Balfour Beatty Plc	Annual	All For		
13/05/2021	Direct Line Insurance Group Plc	Annual	All For		
13/05/2021	Elementis Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
13/05/2021	John Wood Group Plc	Annual	All For		
13/05/2021	Moneysupermarket.com Group Plc	Annual	All For		
13/05/2021	Ocado Group Plc	Annual	Against	8 4 7	 Concerns related to potential conflict of interests Lack of independence on board
13/05/2021	Prudential Plc	Annual	All For		
13/05/2021	Quilter Plc	Annual	All For		
13/05/2021	Rolls-Royce Holdings Plc	Annual	All For		
13/05/2021	Temple Bar Investment Trust Plc	Annual	All For		
13/05/2021	The UNITE Group Plc	Annual	Against	16	Concerns related to Non-audit fees
13/05/2021	TI Fluid Systems Plc	Annual	Against	2,3 4 11	Apparent failure to link pay & appropriate performance Concerns related to board gender diversity Concerns related to inappropriate membership of committees
14/05/2021	Baillie Gifford Shin Nippon Plc	Annual	All For		
14/05/2021	Derwent London Plc	Annual	All For		
14/05/2021	Greggs Plc	Annual	Against	11 9	Apparent failure to link pay & appropriate performance Concerns related to attendance at board or committee meetings
14/05/2021	JPMorgan American Investment Trust Plc	Annual	All For		
14/05/2021	Phoenix Group Holdings Plc	Annual	All For		
14/05/2021	Sabre Insurance Group Plc	Annual	Against	2,3	Apparent failure to link pay & appropriate performance
14/05/2021	Spectris Plc	Annual	All For		
14/05/2021	St. James's Place Plc	Annual	All For		
17/05/2021	Vistry Group Plc	Annual	All For		
18/05/2021	4imprint Group Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
18/05/2021	Royal Dutch Shell Plc	Annual	Against	1,20 21	Inadequate management of climate-related risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
18/05/2021	Standard Life Aberdeen Plc	Annual	All For		
18/05/2021	Vivo Energy Plc	Annual	Against	4 12	Concerns related to board gender diversity Overboarded/Too many other time commitments
19/05/2021	Coats Group Plc	Annual	All For		
19/05/2021	Sanne Group Plc	Annual	All For		
20/05/2021	888 Holdings Plc	Annual	Against	2,3	Apparent failure to link pay & appropriate performance
20/05/2021	Computacenter Plc	Annual	All For		
20/05/2021	Essentra Plc	Annual	Against	2 12,13,14	Apparent failure to link pay and appropriate performance Issue of capital raises concerns about excessive dilution of existing shareholders
20/05/2021	Genuit Group Plc	Annual	Against	2,3	Apparent failure to link pay and appropriate performance
20/05/2021	Impax Environmental Markets Plc	Annual	All For		
20/05/2021	Legal & General Group Plc	Annual	All For		
20/05/2021	Lloyds Banking Group Plc	Annual	All For		
20/05/2021	Network International Holdings Plc	Annual	All For		
20/05/2021	Next Plc	Annual	Against	2 8	Apparent failure to link pay & appropriate performance Concerns related to board ethnic and/or racial diversity
20/05/2021	TechnipFMC Plc	Annual	Against	2,3,4 1e	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
20/05/2021	The Mercantile Investment Trust Plc	Annual	All For		
21/05/2021	Croda International Plc	Annual	Against	7	Concerns related to board ethnic and/or racial diversity
24/05/2021	Energean Plc	Annual	Against	2,3	Apparent failure to link pay and appropriate performance
24/05/2021	Hilton Food Group Plc	Annual	Against	3	Concerns related to succession planning
25/05/2021	Aston Martin Lagonda Global Holdings Plc	Annual	Against	2 12 3	Apparent failure to link pay and appropriate performance Concerns related to Non-audit fees Concerns related to approach to board diversityLack of independence on board
25/05/2021	Hill & Smith Holdings Plc	Annual	All For		
25/05/2021	Nielsen Holdings Plc	Annual	All For		
25/05/2021	The Restaurant Group Plc	Annual	Against	11	Concerns related to Non-audit fees

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/05/2021	Coca-Cola Europacific Partners Plc	Annual	Against	2 17 23 11	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees Concerns to protect shareholder value Overboarded/Too many other time commitments
26/05/2021	Intertek Group Plc	Annual	All For		
26/05/2021	JTC Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
26/05/2021	M&G Plc	Annual	All For		
26/05/2021	Playtech Plc	Annual	Against	2,3 4	Apparent failure to link pay & appropriate performance Concerns related to Non-audit fees
27/05/2021	Bodycote Plc	Annual	All For		
27/05/2021	Ferrexpo Plc	Annual	Against	2,3 9,10,12	Apparent failure to link pay & appropriate performance Concerns about candidate's experience/skills
27/05/2021	FirstGroup Plc	Special	All For		
27/05/2021	Hochschild Mining Plc	Annual	Against	2,3 11	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
27/05/2021	Inchcape Plc	Annual	All For		
27/05/2021	International Public Partnerships Ltd.	Annual	All For		
27/05/2021	OSB Group Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
27/05/2021	Oxford Biomedica Plc	Annual	Against	2,3,14,15	Apparent failure to link pay & appropriate performance
27/05/2021	PureTech Health Plc	Annual	Against	2,3 8 6	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committeesConcerns about overall performance Overboarded/Too many other time commitments
27/05/2021	Sensata Technologies Holding Plc	Annual	All For		
27/05/2021	Vectura Group Plc	Annual	All For		
28/05/2021	HSBC Holdings Plc	Annual	All For		
28/05/2021	Reckitt Benckiser Group Plc	Annual	Against	2	
01/06/2021	NCC Group Plc	Special	All For		
03/06/2021	Informa Plc	Annual	Against	11 3 1	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance Overboarded/Too many other time commitments Concerns related to board ethnic and/or racial diversity
03/06/2021	PageGroup Plc	Annual	All For		
04/06/2021	Helios Towers Plc	Special	All For		
09/06/2021	IP Group Plc	Annual	All For		
09/06/2021	Novocure Ltd.	Annual	Against	3 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
09/06/2021	WPP Plc	Annual	All For		
10/06/2021	Gamesys Group Plc	Annual	Against	2 5	Apparent failure to link pay and appropriate performance Concerns related to Non-audit fees
10/06/2021	Wm Morrison Supermarkets Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
11/06/2021	BlackRock Smaller Cos. Trust Plc	Annual	All For		
15/06/2021	EVRAZ Plc	Annual	Against	9 3	Concerns related to board ethnic and/or racial diversity 2- Concerns related to board gender diversity Concerns related to succession planning 2- Inadequate management of climate-related risks
16/06/2021	Foresight Solar Fund Ltd.	Annual	All For		
16/06/2021	Liberty Global Plc	Annual	Against	5 2 3 4	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns related to approach to board diversityConcerns related to approach to board gender diversity Concerns about overall performance 2- Concerns about remuneration committee performance Concerns about remuneration committee performance 2- Concerns about overall board structure 3- Concerns related to approach to board diversity 4- Concerns related to approach to board gender diversity
16/06/2021	Tullow Oil Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
17/06/2021	Quilter Plc	Special	All For		
17/06/2021	Whitbread Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
18/06/2021	The City of London Investment Trust Plc	Special	All For		
18/06/2021	UK Commercial Property REIT Ltd.	Annual	All For		
21/06/2021	ICG Enterprise Trust Plc	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
24/06/2021	Fresnillo Plc	Annual	Against	4 7	Concerns related to below-board gender diversity Overboarded/Too many other time commitments Overboarded/Too many other time commitments
24/06/2021	Royalty Pharma Plc	Annual	Against	2,7 1f 1i	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value
24/06/2021	Scottish Mortgage Investment Trust Plc	Annual	All For		
25/06/2021	Entain Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
25/06/2021	Tesco Plc	Annual	All For		
28/06/2021	Pennon Group Plc	Special	All For		
30/06/2021	Gamesys Group Plc	Court	All For		
30/06/2021	Gamesys Group Plc	Special	All For		
30/06/2021	Kingfisher Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
30/06/2021	Petropavlovsk Plc	Annual	Against	2,3,4,5	Apparent failure to link pay & appropriate performance

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Q2 2021

ESG Impact Report

Global engagement to deliver positive change

LGIM

Our mission

To use our influence to ensure:

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.

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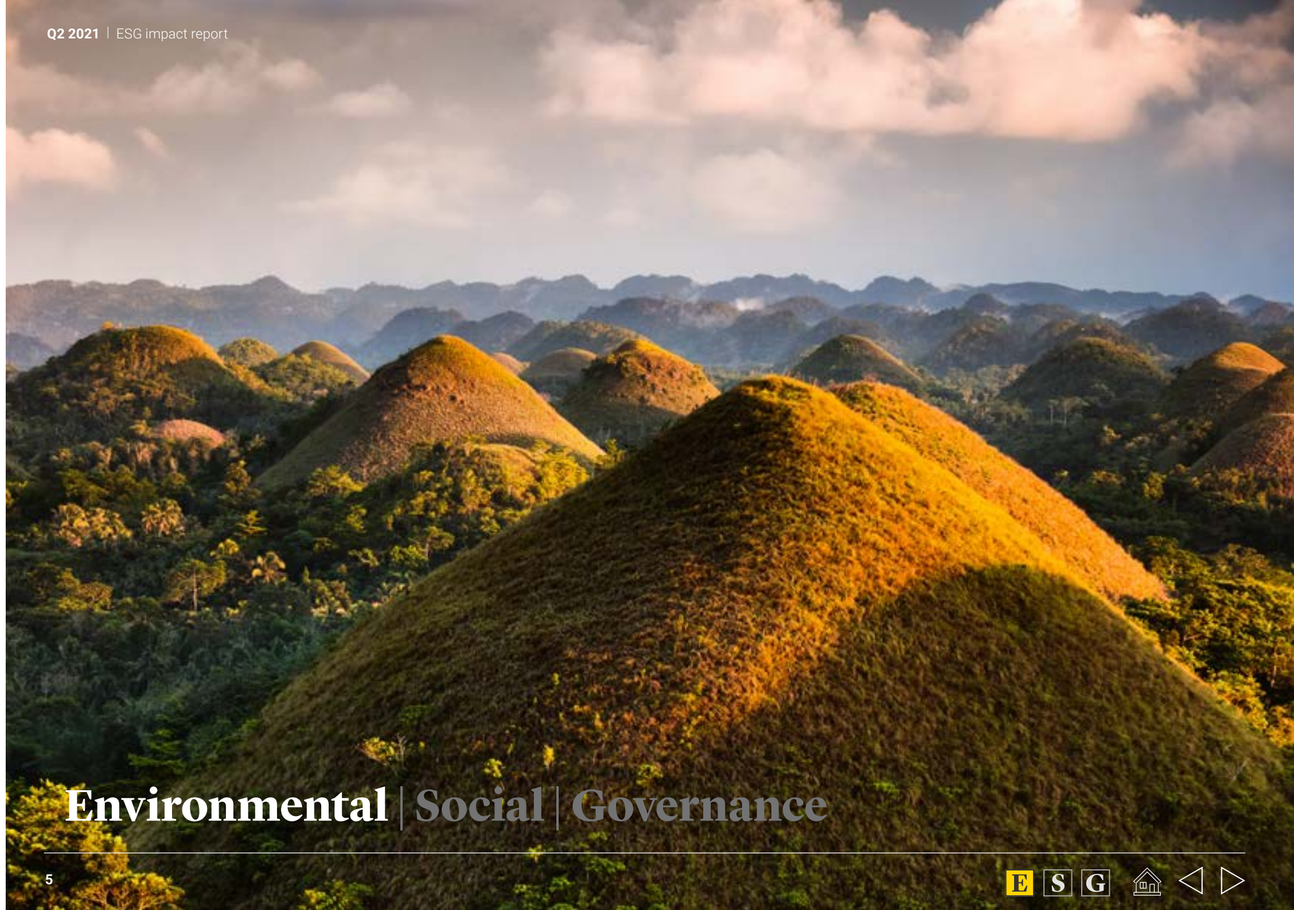
Action and impact

In the second quarter of 2021, we engaged with companies on a wide range of topics, from climate change to executive remuneration. You will find in this report details on our key activity during the period, including engagement campaigns, key votes and work with policymakers.



Environmental | Social | Governance

ESG: Environment

The latest results of our strengthened Climate Impact Pledge

In 2020, we expanded our Climate Impact Pledge engagement programme to focus on around 1,000 global companies in 15 climate-critical sectors. We were pleased to see progress across most sectors. Notably, food retailer **Kroger***, previously excluded as a sanction, has now been reinstated across select LGIM funds, following progress.

However, much remains to be done, which is why:

- Four new companies will be added to our exclusion list, taking the total number to 13.
- 130 companies have also been subject to voting sanctions for not meeting our minimum, data-driven standards.

Sustainability summit

On 15 June 2021, LGIM hosted its inaugural Sustainability Summit, during which we announced the pledge's results. The virtual global event focused on every aspect of ESG, illustrating its core role at LGIM, while showcasing our brand, purpose, capabilities and leadership as a responsible investor. More than 350 clients attended the event, along with 22 members of the press and 10 external speakers. Speakers included Nigel Topping, the UK Government's expert and leader on climate change, internationally renowned environmentalist Dr. Jane Goodall, as well as CEOs of the large multinationals **Unilever*** and **BHP***.

*References to any security are for illustrative purposes only.

Supporting clients with their climate reporting

With the UK government rolling out new climate reporting requirements for pension schemes, we have developed a five-step checklist to help clients better understand how we can support them in meeting their regulatory obligations.

Our **article** contains more information about the checklist, including details of the carbon and climate metrics on which we intend to report.

Asking questions at the LyondellBasell* AGM

On 28 April 2021 we joined investor colleagues under the IIGCC/CA100+ umbrella to directly engage with the Chair and the Directors of the Board around the chemical company's management of climate-related risks. Under this collaborative initiative we had asked for the board to add two discussion items to the AGM agenda: 'Climate Change and Commitment Strategy' and 'Advisory Vote on Climate Change'. The company agreed to this and, alongside seven other investors, we asked multiple questions regarding LyondellBasell's net-zero targets, science-based targets, lobbying, Task Force on Climate-Related Financial Disclosures (TCFD) reporting, and Paris-aligned activities. We also discussed director accountability and annual votes on the company's transition plan. We had a dialogue with the Board directors and will continue to engage with the company.

Finance for biodiversity pledge

In April 2021 we signed the Finance for Biodiversity pledge at the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD), alongside more than 50 financial institutions representing over €9 trillion in assets under management and custody. The pledge calls on global leaders to agree on timely and effective measures to reverse nature loss to ensure ecosystem resilience.

As a signatory, by 2024 at the latest we commit to: collaborating and knowledge sharing; engaging with companies; assessing impact; setting targets; and reporting publicly. We will help develop policies and differentiated expectations across industries, with the aim that companies reduce their negative/increase their positive impacts on biodiversity.

*References to any security are for illustrative purposes only.

One of the proposals we supported requested the company to amend its articles to stop building new coal plants and to take measures to reduce emissions from coal generation.

Shareholder proposals

LGIM voted in favour of shareholder proposals for oil majors **Chevron*** and **ConocoPhillips*** to set targets for emissions associated with the use of their products, and against the 'say-on-climate' proposals put forward by **Shell*** and **Total*** (now TotalEnergies*) for an advisory vote from shareholders. We have provided further comment on the significance on these votes in our **blog**.

Today, Japan is only second to the US in terms of the number of activist campaigns.[1] Proposals in Japan have focused mainly on unlocking the value trapped within large balance sheets by returning cash to shareholders. Common proposals call for the unwinding of cross shareholdings and increased dividends but these are rarely successful.

One emerging theme in shareholder proposals is climate change. Last year, **Mizuho Financial Group*** was the first Japanese company to receive a **climate-related proposal**. This year, environmental groups filed similar proposals calling for **Sumitomo Corporation*** and **Mitsubishi UFJ Financial Group*** to adopt and disclose plans to align their businesses with the goals of the Paris Agreement. While both companies have shown progress, including a commitment to achieve carbon neutrality by 2050, we chose to vote in favour of both proposals to signal our concerns around the pathway to successfully deliver on the long-term commitments. Neither passed, but they received 20% and 23% shareholder support, respectively.

At **Kansai Electric Power's*** AGM, 24 proposals predominantly related to governance and environmental issues were filed by **33 shareholders** including the municipal governments of Osaka City and Kyoto City. One of the proposals we supported requested the company to amend its articles to stop building new coal plants and to take measures to reduce emissions from coal generation.

Toyo Seikan Group Holdings* received a proposal from an activist fund to amend its articles to disclose a plan outlining the business strategy, taking into account the TCFD framework.

While none of these shareholder resolutions passed in Japan, we hope our support for the resolutions has helped signal the importance and urgency for companies to act.

1. Source: CLSA based on Bloomberg data (as of 30 June 2021).
*References to any security are for illustrative purposes only.

Significant votes

Company name: ExxonMobil Corporation*		
ISIN: US30231G1022	**Market cap:** $236.9bn[2]	**Sector:** Oil and gas

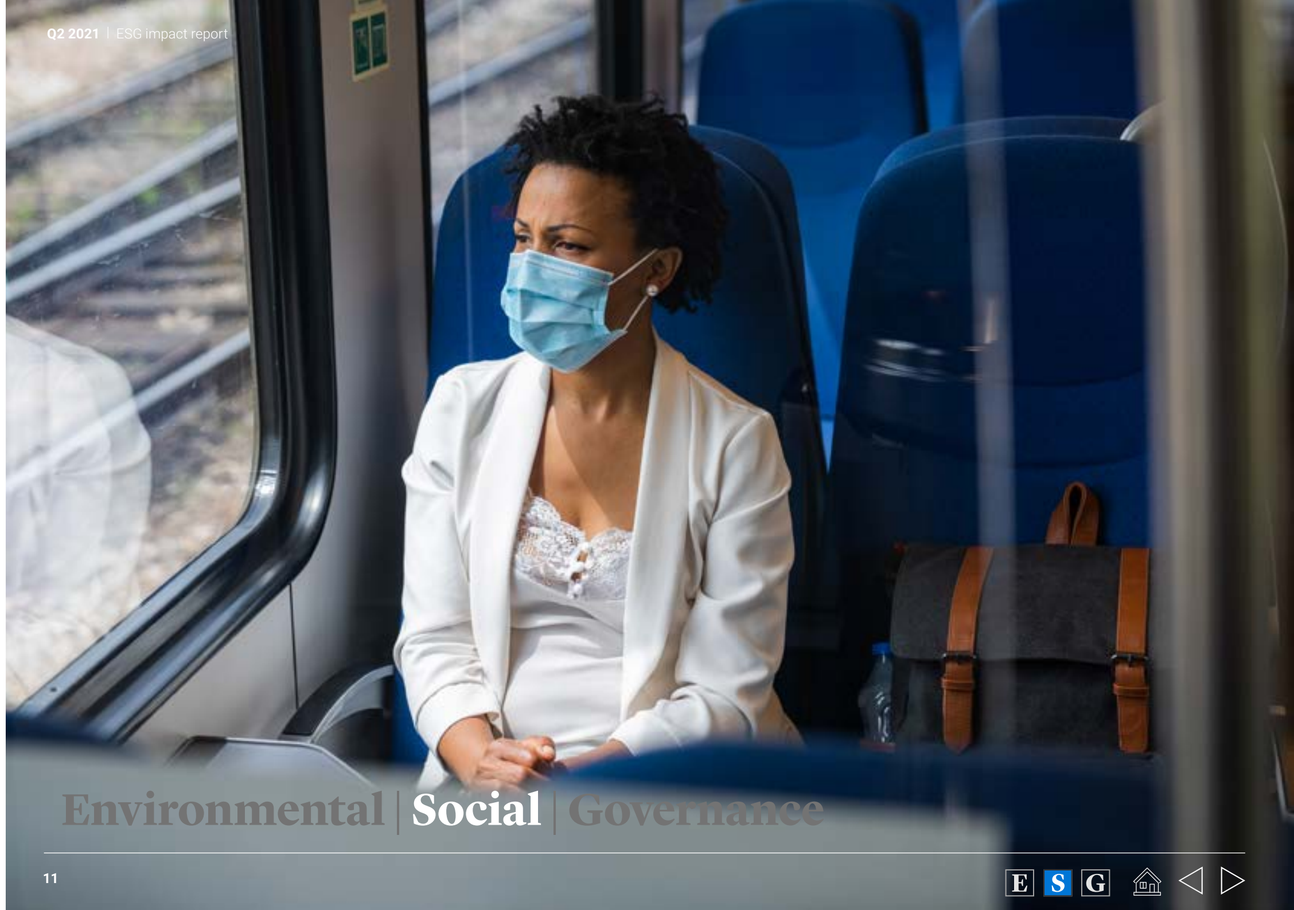
Issue identified:	Due to persistent concerns around governance, climate and capital allocation, the company was removed from select LGIM strategies in 2019, with sanctions applied under LGIM's Climate Impact Pledge. In 2020, we announced that we would be opposing the re-election of the company's chair/CEO as we believe the separation of roles provides a better balance of authority and responsibility. In 2021, we escalated our engagement by supporting an activist investor who proposed an alternative slate of directors, as the experience and skills of the proposed four candidates would, in our view, make a positive contribution to board effectiveness and oversight. We announced our voting stance ahead of the AGM, with our position being widely covered in major news outlets and referenced in the voting recommendations from proxy adviser ISS.
Summary of the resolution:	Proxy content at the AGM, 26 May 2021
How LGIM voted:	LGIM voted FOR: • The four activist-proposed director nominees • A number of ESG shareholder proposals LGIM voted AGAINST: • The re-election of the chair/CEO • The remuneration report • The reappointment of auditors
Rationale for the decision:	We have had multiple engagements with the company but remain dissatisfied with the strength of the company's climate targets and strategy, along with the levels of transparency around sustainability and lobbying, and with the levels of board oversight (in particular the combined chair/CEO roles).
Outcome:	• Three of the four proposed new directors have been appointed. • The chair of the remuneration committee, against whom LGIM voted last year, was not reappointed to the board. • A majority of shareholders voted for a report on climate-related lobbying.
Why is this vote significant?	This is most high-profile example to date of a climate-related proxy contest; a recently formed hedge fund with a minority stake managed to galvanise sufficient support to replace a third of the board at a company that less than a decade ago was the world's largest by market capitalisation. For LGIM, the escalation is in keeping with our approach of holding individual directors accountable for their companies' climate performance. We have commented on the significance on the vote repeatedly in the media and in our blog

2. The source for all market cap data in this document is Refinitiv, as at 21 July 2021
*References to any security are for illustrative purposes only.

Company name: HSBC Holdings plc*		
ISIN: GB0005405286	**Market cap:** £80.6bn	**Sector:** Banks

Issue identified:	The bank has repeatedly been identified as a substantial climate change financier, continuing to finance new fossil fuel projects not in line with the Paris Agreement goals. To work towards a net-zero future aligned with Paris Agreement goals, ShareAction initially proposed a resolution to strengthen HSBC's climate change policies and disclosure. As a result of further discussions between the company, the proponents and shareholders, ShareAction was sufficiently comfortable with management's counter proposal to withdraw its own resolution.
Summary of the resolution:	• AGM: 28 May 2021 • Resolution 15 – to set, disclose and implement short- and medium-term targets, to publish and implement a phase-out policy and to report on progress.
How LGIM voted:	LGIM voted FOR the management-proposed climate change resolution (in line with management's recommendation).
Rationale for the decision:	• LGIM has engaged with HSBC on its climate change policies and disclosures for a number of years, and we joined a collaborative engagement around the shareholder proposal ahead of the 2021 AGM. • We encouraged the Board to reach a compromise with the proponents to require only a single resolution, and so were happy to support management's climate change proposal at the AGM.
Outcome:	• Engagement between company, proponent and institutional shareholders led to the preferred outcome of a single resolution supported by management and proxy advisers. • Resolution 15 received overwhelming support with 99.71% of votes cast FOR. • We will continue to monitor the strength of HSBC's climate change policies and progress towards improved disclosure of targets and emissions across the portfolio.
Why is this vote significant?	The topic of the proposal was in line with LGIM's climate change policy stance and our campaign to push for a net-zero economy globally. Ahead of the AGM and while engagement between the parties continued, we had many client and press queries regarding our views and likely vote on the proposals.

*References to any security are for illustrative purposes only.



ESG: Social

Medical oxygen roundtables

The Investment Stewardship team was invited to participate in the first (of three) Access to Medical Oxygen roundtables, organised by the Access to Medicine Foundation and Every Breath Counts Coalition. The aim was to explore opportunities to increase access to medical oxygen in low-and middle-income countries (LMICs) in the context of COVID-19. The roundtable brought together companies and industry associations, investors, donor governments and foundations as well as global health agencies, such as the World Bank, World Health Organisation (WHO), and the Clinton Health Access Initiative.

Globally, to date, there have been approximately 180 million reported cases of COVID-19 and almost 4 million deaths.[3] Medical oxygen therapy is a core part of the treatment of patients with severe COVID-19. Of those admitted to hospital with COVID-19, 41% need supplemental oxygen.[4] With slower-than-expected vaccine rollout in many of the LMICs, access to oxygen and other medicines have been described during the Access to Medical Oxygen roundtables as "exceedingly important" in reducing COVID-19 deaths in the short-term. Sir Jeremy Farrar, Director of the Wellcome Trust, an independent charitable foundation dedicated to combatting the most urgent global health challenges, has noted that medical oxygen will save more lives in 2021 than vaccines will, but supplies to many countries are precariously low.[5]

Medical oxygen is included under the Therapeutics Pillar of the Access to COVID-19 Tools Accelerator (ACT-A)—a global partnership led by WHO to accelerate development, production, and equitable access to COVID-19 tests, treatments, and vaccines. Under the umbrella of ACT-A, the 'Oxygen Emergency Taskforce' was established in February 2021 to help LMICs respond to the rapidly rising need for medical oxygen to treat COVID-19 patients.

The third roundtable was held on 9 June 2021 with the objective of engaging the oxygen industry more directly to prevent a repeat of the oxygen crises that have occurred in many LMICs, most recently in India and Nepal. The roundtable was opened by Carl Bildt, WHO Special Envoy for the Access to COVID-19 Tools Accelerator (ACT-A) and former Prime Minister and Foreign Secretary of Sweden. In conversations with participants and, in particular, some companies in which we invest, LGIM stated our clear support for those companies who were taking steps to increase access to medical oxygen and encouraged others to follow suit. We were delighted to hear, less than a week later, that two of the world's largest medical oxygen suppliers **Air Liquide*** and **Linde plc*** – which have participated in the roundtables – had agreed to collaborate with the COVID-19 'Oxygen Emergency Taskforce' to increase access to medical oxygen in LMICs.[6] We will continue to participate in the roundtables and encourage other investee holdings to support the efforts of the 'Oxygen Emergency Taskforce'.

3. John Hopkins Coronavirus Resource Center, last accessed 22 June 2021: https://coronavirus.jhu.edu/map.html
4. Jane Feinmann, BMJ 2021;373:n1166, last accessed 22 June 2021: http://dx.doi.org/10.1136/bmj.n1166
5. Interview with Jeremy Farrar by Mun-Keat Looi, BMJ, International Features Editors, last accessed 22 June 2021: https://www.bmj.com/content/372/bmj.n459
6. Unprecedented cooperation with global oxygen suppliers paves way to increase access for low- and middle-income countries to address COVID-19 crisis - Unitaid

*References to any security are for illustrative purposes only.

We are working to enhance global and political coordination, accountability and governance by strengthening future pandemic preparation and addressing challenges to tackle antimicrobial resistance.

Support of UN high level dialogue on AMR

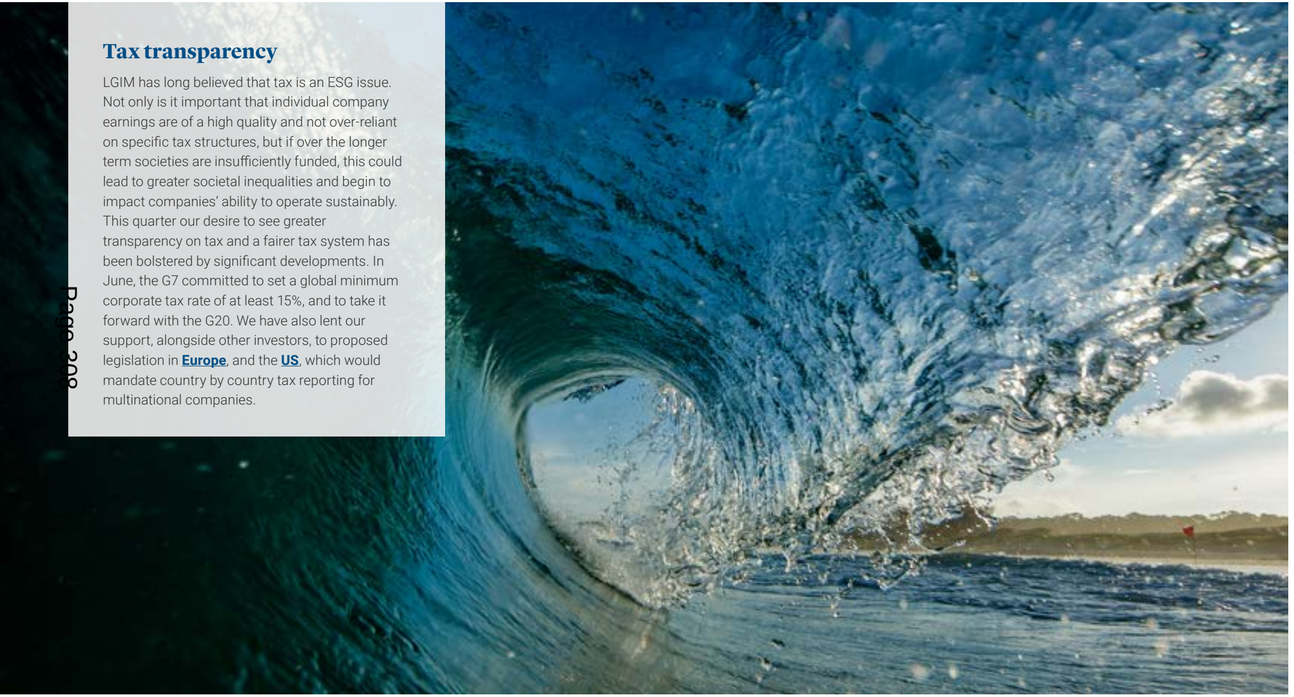
On 23 January 2020 at the World Economic Forum annual meeting in Davos, the Access to Medicine Foundation, **FAIRR**, **PRI** and the UK Government launched a new initiative – Investor Action on Antimicrobial Resistance (AMR) – focused on tackling the global threat of drug-resistant infections. Since September 2020, LGIM has been a member of Investor Action on AMR. At the end of April 2021, under this umbrella and upon the request of the President of the United Nations (UN) General Assembly, we joined with other high profile organisations and supported the UN's General Assembly's Call to Action on AMR. The aim is to enhance global and political coordination, accountability and governance by strengthening future pandemic preparation and addressing challenges to tackle antimicrobial resistance. Collective dialogue and the influence of investors such as LGIM, will play a vital role in tackling AMR[7] and again, this underscores, and confirms, the need of a 'One Health' approach to AMR, of which LGIM is a firm believer.[8]

7. *2021 06 PGA-letter-Summary-of-High-Level-Interactive-Dialogue-on-Antimicrobial-Resistance-AMR.pdf
8. The World Health Organization (WHO) has declared that AMR is one of the top 10 global public health threats facing humanity. Due to the complexity of AMR the WHO promotes a 'One Health' approach which brings together various stakeholders working in multiple fields such as human and animal health, food production, environment etc to work together in the designing and implementing research programmes, policies and legislation to attain better public health outcomes. A 'One Health' approach is essential in combating AMR as it affects all facets of society.

*References to any security are for illustrative purposes only.

Tax transparency

LGIM has long believed that tax is an ESG issue. Not only is it important that individual company earnings are of a high quality and not over-reliant on specific tax structures, but if over the longer term societies are insufficiently funded, this could lead to greater societal inequalities and begin to impact companies' ability to operate sustainably. This quarter our desire to see greater transparency on tax and a fairer tax system has been bolstered by significant developments. In June, the G7 committed to set a global minimum corporate tax rate of at least 15%, and to take it forward with the G20. We have also lent our support, alongside other investors, to proposed legislation in **Europe**, and the **US**, which would mandate country by country tax reporting for multinational companies.



*References to any security are for illustrative purposes only.

Significant votes

Company name: McDonald's Corporation*		
ISIN: US5801351017	**Market cap:** $174.8bn	**Sector:** Hotels, restaurants & leisure

Issue identified:	AMR is a key focus of the engagement strategy of LGIM's Investment Stewardship team. We believe that, without coordinated action today, AMR could prompt the next global health crisis, with a potentially dramatic impact on the planet, its people, and global GDP.
Summary of the resolution:	Resolution 5 - Report on Antibiotics and Public Health Costs at the company's AGM held on 20 May 2021.
How LGIM voted:	LGIM voted FOR the shareholder resolution (against management).
Rationale for the decision:	LGIM voted in favour as we believe the proposed study will inform shareholders and other stakeholders of the negative ramifications of sustained use of antibiotics in the company's supply chain and its impact on global health, with a particular focus on the systemic implications. While LGIM applauds the company's efforts over the past few years in reducing the use of antibiotics in its supply chain for chicken, beef and pork, we believe AMR is a financially material issue for the company and other stakeholders, and we wanted to signal the importance of this topic to the company's board of directors.
Outcome:	11.3% of shareholders supported the resolution. LGIM will continue to engage with the company and monitor progress.
Why is this vote significant?	We consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting.

*References to any security are for illustrative purposes only.

Company name: Rio Tinto plc*		
ISIN: GB0007188757	**Market cap:** £98bn	**Sector:** Mining

Issue identified:	Community rights and social license to operate.
Summary of the resolution:	Resolution 3 and 4 – Approve remuneration report for UK and Australian law purposes.
How LGIM voted:	LGIM voted AGAINST the remuneration reports, at both AGMs of the dual-listed mining giant.
Rationale for the decision:	LGIM believed that further reductions in the exit package awarded to the outgoing CEO would have been appropriate given the destruction of the heritage site at Juukan Gorge, the associated reputational damage and the strain it has put on community relations, which are essential to maintaining the social license to operate for the industry.
Outcome:	A majority of shareholders opposed the pay package at the UK AGM
Why is this vote significant?	The destruction of a 46,000-year old heritage site in Western Australia during a 2020 mine site expansion prompted a backlash from local communities, the Australian government, the media and investors, culminating in the departure of four directors, including the chairman and the CEO. This vote represents the latest development in LGIM's efforts to press the company for accountability since the beginning of the scandal.

*References to any security are for illustrative purposes only.

ESG: Governance

Summary of pre-declarations

This is the first year in which LGIM has centralised the reporting of our vote intentions in advance of a company's AGM. LGIM's voting intentions for 2021, in **our blog post**, highlights the companies and resolutions we believe require additional scrutiny from the market. Publicly pre-declaring our vote intention is an important tool for our engagement activities. We decide to pre-declare for a number of reasons, including as part of our escalation strategy, where we consider the vote to be contentious, or as part of a specific engagement programme.

The pre-declarations covered a number of different ESG topics, too. For example, our post on Informa* highlighted our intention to vote against a number of resolutions, including one pertaining to its remuneration policy, to reflect our concerns over the media company's pay practices.

This is the first year in which LGIM has centralised the reporting of our vote intentions in advance of a company's AGM.

*References to any security are for illustrative purposes only.

Co-filed significant shareholder resolutions

During the autumn of 2020 we co-filed, together with members of Investors for Opioid and Pharmaceutical Accountability (IOPA), two shareholder resolutions at **Eli Lilly*** and **Gilead Sciences*** seeking the appointment of an independent chair. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO, and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.

In our advocacy process, the obvious next step was to start filing shareholder resolutions on this subject. At the Eli Lilly* AGM the shareholder proposal received support from 42% (excl. insider shares) of the independent shareholders and at Gilead Sciences* the same proposal received 35% support from shareholders. For Gilead Sciences*, we also took the rare step of publicly pre-declaring our vote intentions before the shareholder meeting.

COVID-19 and virtual AGMs

In June, more than 300 Japanese companies held 'hybrid AGMs', allowing shareholders the option to either physically turn up for the meeting, or alternatively 'participate' or 'attend' online.[9]

Additionally, we note that 10 Japanese companies proposed to amend their articles of incorporation to allow virtual-only AGMs.[10] We chose to support proposals by companies that specified the situations - such as during a pandemic or major natural disaster - in which a virtual-only AGM would be allowed without shareholder approval (e.g. **Takeda Pharmaceutical Company***). However, we voted against proposals that did not limit the conditions (e.g. **Sumitomo Mitsui Financial Group***), as we believe that authorising companies to hold virtual-only meetings permanently could undermine the quality of exchange between shareholders and companies. This is particularly important to retail investors who do not have the same access to companies that institutional investors have outside the AGM.

9. Source: Sumitomo Mitsui Trust Bank (as of 1 July 2021). Note that in a hybrid AGMs, a "participating" shareholder can view the meeting online but cannot vote during the meeting, while an "attending" shareholder can not only view but also vote during the meeting. Only a small number of companies have given shareholders the option to "attend" virtually.
10. In Japan, a new law has come into effect, allowing companies to hold virtual-only meetings without the need to amend the articles for two years from 16 June 2021.
*References to any security are for illustrative purposes only.

Board composition

In 2021, we strengthened our board diversity policy to vote against companies in the TOPIX 500 in instances where there are no women on the board. This resulted in 51 votes against the chairman or most senior member of the board during the second quarter.[11] This is compared to six in the same period in 2020, the first year in which we implemented a voting policy in Japan to vote against any company in the TOPIX 100 with an all-male board. We are pleased to note that three of those six companies have appointed women directors to the board this year.

Figure 11

In 2021, we strengthened our board diversity policy to vote against companies in the TOPIX 500 in instances where there are no women on the board.

Further information and views on diversity in Japan can be found in the LGIM blog:

- **Why gender diversity in Japan's boardrooms should matter to investors** (10 May 2021)
- **Hi-seiki, high stakes: how we engage on gender diversity in Japan** (17 May 2021)

Moreover, we have continued to vote against Japanese companies when independent directors account for less than one third of the board. During the latest quarter, we voted against 141 companies, down from 191 during the same period in 2020, due to board independence concerns.[12]

11. Votes represent voting instructions for our main FTSE pooled index funds which include approximately 500 Japanese holdings.
12. Ibid.
*References to any security are for illustrative purposes only.

Significant votes

Company name: AT&T*		
ISIN: US00206R1023	**Market cap:** $199.3bn	**Sector:** Telecommunications

Issue identified:	LGIM identified serious issues with the structure and quantum of AT&T's executive remuneration. In particular, the US$48 million sign-on equity award to the incoming CEO of its Warner Media division and a US$9 million retention grant to the General Counsel.
Summary of the resolution:	• Item 3 - Advisory Vote to Ratify Named Executive Officers' Compensation • AGM – 30 April 2021
How LGIM voted:	AGAINST
Rationale for the decision:	The awards and payments made by AT&T did not meet LGIM's expectations of fair and balanced remuneration both in respect to their magnitude and the lack of performance criteria.
Outcome:	A majority of investors (51.7%) voted against the advisory resolution, sending a strong signal to management that its remuneration policy revision.
Why is this vote significant?	This was a high-profile vote.

*References to any security are for illustrative purposes only.

Company name: General Electric*		
ISIN: US00206R1023, US3696041033	**Market cap:** $111.5bn	**Sector:** Industrials

Issue identified:	LGIM believes that the roles of chair and CEO should be separated. The concentration of power in the hands of a single individual can be seen as an advantage for a company. For example, having a single person is thought by many to facilitate quick decision-making. However, LGIM believes that, on balance, the perceived advantages do not outweigh the risks of such a structure. Instead, a separate chair and CEO provides a balance of authority and responsibility that is in both the company's and investors' best interests. At the company's 2021 AGM, a shareholder resolution was proposed to require an independent chair, which would in effect result in a separation of the chair and CEO roles. LGIM is committed to addressing the issue of climate change. We believe that climate change and the transition to low-carbon presents both risks and opportunities for our investee companies. At the company's 2021 AGM, a shareholder resolution was filed by requesting that the company report on its progress towards achieving a target of net zero greenhouse gas emissions by 2050.
Summary of the resolution:	• Item 6 – Require Independent Board Chair • Item 7 – Report on Meeting the Criteria of the Net Zero Indicator • AGM –4 May 2021
How LGIM voted:	• FOR – Item 6 • FOR – Item 7
Rationale for the decision:	LGIM voted to support both resolutions in an effort to improve the company's governance structure and to spur meaningful action by the company to address gaps in its climate related disclosure and strategy.
Outcome:	The resolution requiring an independent board chair received 29.8% votes in favour and failed to pass. LGIM will continue to engage with the company on this important governance structure best practice. The board and an overwhelming majority of 97.96% of investors supported the shareholder resolution. General Electric* and the board issued a statement reiterating their recognition that climate change is an urgent priority and that the company will disclose a Scope 3 emissions target and says that it plans on publishing a sustainability report in 2021 that will include whether the company intends to set a net-zero target and the rationale behind it.
Why is this vote significant?	This was a high-profile vote.

*References to any security are for illustrative purposes only.

Public policy update

United Kingdom

Over the past quarter, the UK government has been very active with regards to strengthening ESG-related policy and regulation. There have been announcements ranging from the UK audit reform, UK taxonomy, sustainability labelling, the Task Force on Climate-Related Financial Disclosures (TCFD), social factors in pensions schemes, green bond issuance, to sustainability disclosures requirements.

In May, LGIM and L&G Group submitted a joint response to the UK's 'Department for Work and Pensions and the Department for Business, Energy & Industrial Strategy' (BEIS) consultation on *"mandatory climate-related financial disclosures by publicly quoted companies, large private companies and Limited Liability Partnerships (LLPs)"*. LGIM has for many years been encouraging the significant strengthening climate-related reporting across the UK economy and beyond, and this consultation was very welcome. We again highlighted the importance that such regulations must be aligned across the investment chain to ensure the required data is disclosed by corporates, thus enabling disclosures further up the chain. This is critical if we are to get accurate, comparable and consistent disclosures for end investors. We were, however, disappointed to see that the ambition from BEIS was below what we feel is necessary i.e. reporting at a TCFD 4 pillar level as opposed to the full 11 recommendations. In collaboration with other investors, LGIM wrote to the government to highlight this as a serious area of concern.

LGIM has also been: i) engaging with the FCA on the next steps to the Lord Hill review (e.g. use of special purpose acquisition companies or 'SPACs'); ii) preparing responses to the BEIS Audit Reform consultation; iii) joined the **Aldersgate Group** and UK Green Building Council **collaboration** of businesses and investors that wrote to the prime minister to call for the UK Planning Bill to deliver net zero and protect nature (**picked up** in the FT); and iv) reviewing the forthcoming FCA TCFD consultations for asset managers and standard listed issuers.

United States

In June, we submitted a comment letter to Securities and Exchange Commission (SEC) as part of its **public input solicitation** for the climate change disclosure rules under consideration. Within the letter, among other points, we highlighted the importance of consistent global disclosure requirements across all asset classes on climate-related risks as well as the need for broader ESG disclosures. LGIM also met with the Environmental Protection Agency (EPA) in June to discuss the importance of federal methane policies, given the potency of substance and its incompatibility with a net zero future. In May, as part of the **Human Capital Management Coalition**, we met with SEC Chairman Gary Gensler to discuss human capital disclosure recommendations: number of workers, cost of work force, turnover and diversity.

We met to discuss human capital disclosure recommendations: number of workers, cost of work force, turnover and diversity.

*References to any security are for illustrative purposes only.

European Union

As ever, the European Union (EU) continues to lead the way on developing a comprehensive policy and regulatory framework in sustainable finance, as well as driving progress on the transition to a low-carbon economy (and meet the Paris Agreement targets) across each sector. An area of focus for the EU at this time is improving ESG transparency right across the investment chain. In May, following last year's consultation on reviewing the Non-Financial Reporting Directive, the EU released its proposal for the **'Corporate Sustainability Reporting Directive'**. While this is just the first step, and a lot will depend on how close the EU aligns with the new IFRS Sustainability Standards Board (which is key), we welcome the proposal. We have summarised the key changes in **our blog**. We will be continuing to engage with the EU and advocate for robust sustainable finance policies, including an area that the EU may have overlooked, integrating strong 'stewardship' activities. It is also worth mentioning we **joined a collaboration** through The Institutional Investors Group on Climate Change (IIGCC) on reiterating the requirements and the importance of a strong EU methane policy, with our stance covered by major news agency **Reuters**.

Japan

In June, the Tokyo Stock Exchange (TSE) **announced** the second revision of Japan's Corporate Governance Code, which was first compiled in 2015 and revised in 2018. This was accompanied by the Japan Financial Services Agency's (FSA) revised Guidelines for Investor and Company Engagement (Engagement Guidelines) **announced** the same day. LGIM engaged with the public consultation both directly and alongside our partners in the Asian Corporate Governance Association (ACGA), and also worked with the International Corporate Governance Network (ICGN) to provide input into the *"Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code"* (set up by the TSE and the FSA).

LGIM welcomes the Code's enhancements to: i) board independence; ii) references to climate change (including TCFD-aligned reporting) and human rights issues among others as aspects of sustainability for the board to embrace; iii) strengthened wording regarding nomination and remuneration committees; and iv) increased emphasis on diversity at the board and management level.

All are issues that LGIM has advocated on for many years. In our view, however, the latest board independence requirements still leave room for further enhancement. Moreover, we believe the revised Code does not sufficiently add to the sections on the management and timing of **shareholder meetings**, and cross-shareholdings (we note, however, that there have been some additions to the Engagement Guidelines). Additionally, in future revisions, we would like to see a number of important items – including English disclosures, TCFD-aligned reporting, and independent board committees – become applicable to companies beyond just those listed on the prime market. We have also recommended that the TSE and FSA consider ways to monitor and enforce compliance against the Code, as adherence should not be a tick-box exercise and any non-compliance should be explained with compelling reasons. A sound corporate governance framework is in the long-term interests of all participants in the Japanese market, and we will continue to engage on this topic going forward.

*References to any security are for illustrative purposes only.

In April, and in the context of delivering on Paris Agreement, LGIM engaged on pushing the Japanese government to encourage setting an appropriate 2030 greenhouse gas emission reduction target to be included in their National Determined Contribution (NDC – which was being negotiated ahead of COP26 later this year). LGIM's position was to encourage a strengthening of the reduction target to 50% below 2013 levels (which had previously been set at just 26%), however, the government eventually decided on a less ambitious 46% reduction target along with an unofficial goal to aim to reduce emissions by 50%. It is encouraging to see that the government has now codified into law its commitment for the economy to be carbon-neutral (net zero) by 2050. We are also pleased to announce that LGIM is now part of the **'Japan Climate Leaders' Partnership'** (JCLP), and look forward to collaborating with the group on Japanese climate related policy.

ACGA Japan Working Group

LGIM has been a member of the Asian Corporate Governance Association (ACGA), an independent research and advocacy non-profit membership organisation based in Hong Kong, since 2012. This year, Aina Fukuda, who leads LGIM's stewardship efforts in Japan, was appointed deputy chair of the ACGA Japan Working Group (JWG). The JWG is a sub-group of ACGA investor members comprised of professionals committed to advancing corporate governance and stewardship in Japan on behalf of their organisations. The JWG comprises 29 ACGA member organisations with global assets under management of more than US$20tn (as of December 2020).

During her two-year term, Aina will represent LGIM and work with ACGA and the JWG chair to advance JWG's engagement with regulators, listed companies and other key stakeholders in Japan. Since her appointment, JWG members have identified corporate engagements on board independence, diversity, and capital management (e.g. cross-shareholdings) as a key priority for the group. Other JWG meetings during this quarter involved knowledge sharing as well as constructive dialogue between JWG members and Japanese companies, proxy advisers, and NGOs.

*References to any security are for illustrative purposes only.

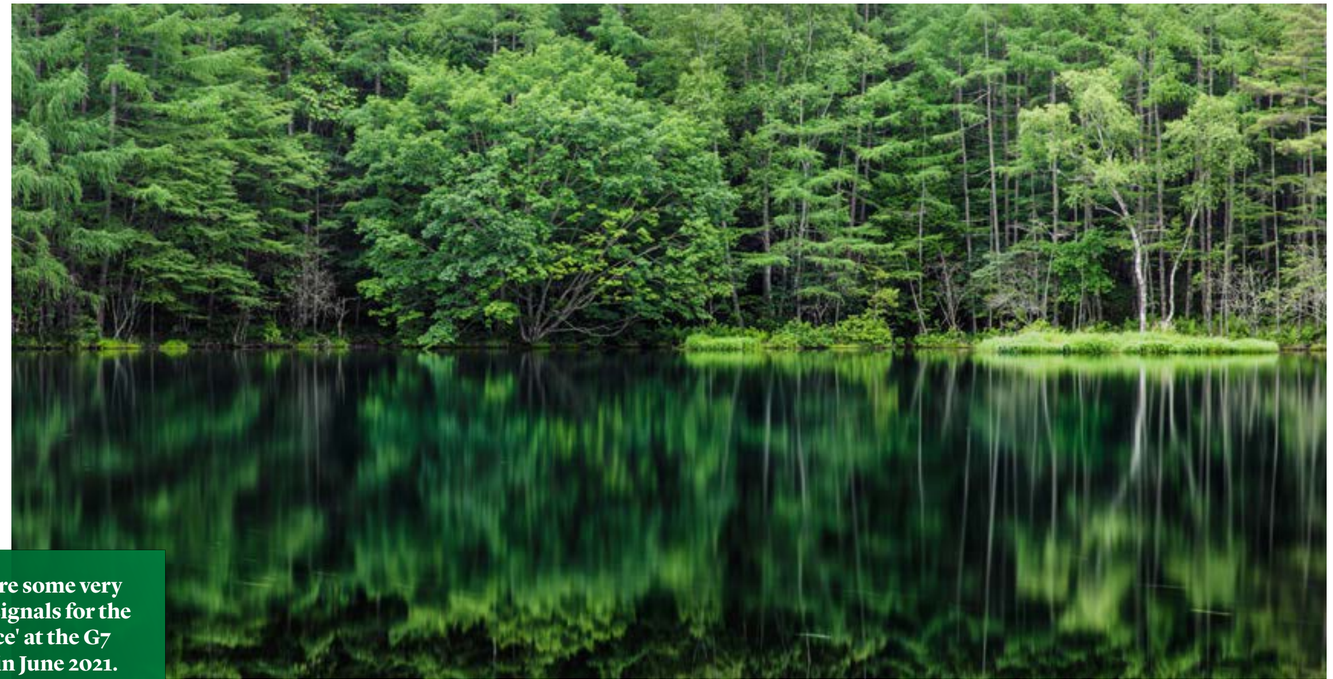
Australia

LGIM responded to a **Treasury consultation** that is reviewing the regulatory regime for proxy advice and looking to introduce reforms that reportedly encourage greater transparency in the system. This consultation was similar to that of the SEC in the US in 2019, a proposal to which LGIM strongly opposed. In the US, the SEC has announced the ruling will be revisited. We encouraged the Treasury in Australia not to proceed with the proposal highlighting: i) that proxy advisers are agents of investors, not issuers; ii) research must be independent; iii) investors take the final decision on voting; and iv) that investors already publicly publish voting reports, engagements, and voting policies on their websites. We will closely follow this proposal going forward.

Global

G7

In June, world leaders gathered at the G7 meeting in Cornwall, UK. While there was a lot on the agenda, we felt there were some very positive signals for the 'ESG space', specifically: i) the political ambition and alignment on climate change and biodiversity (ahead of both COPs later this year); ii) ESG disclosures; iii) corporate tax standards; iv) anti-microbial resistance; and v) financing the transition to low carbon economies in emerging markets. Please see our **blog** for further details.



There were some very positive signals for the 'ESG space' at the G7 meeting in June 2021.

*References to any security are for illustrative purposes only.

Tax

This quarter has seen some big moves in our desires to see greater transparency on tax and a fairer tax system. As mentioned above, in June the G7 committed to set a global minimum corporate tax rate of at least 15%, and to take it forward with the G20. We have also lent our support, alongside other investors, to proposed legislation in **Europe** and **the US** which would mandate country by country tax reporting for multinational companies.

Climate change

In June, LGIM joined the 2021 **Global Investor Statement** to governments on the climate crisis. The statement was coordinated by The Investor Agenda and represents 457 investors with more than US$41tn in assets under management and custody. The statement sets out five actions that governments need to urgently take steps on: i) strengthening National Determined Contributions (NDC) for 2030 and in-line with limiting warming to 1.5 degrees centigrade; ii) commit to mid-century net zero targets with decarbonisation roadmaps; iii) strengthen pre-2030 policy actions e.g. phase out fossil-fuel subsidies; iv) ensure COVID-19 recovery plans support the transition to net zero; and v) mandate climate risk disclosures e.g. TCFD. LGIM is also: i) preparing a response to the FSB's consultation on establishing cross-sectorial TCFD metrics; and ii) working with a collaborative group of investors to push for a greater focus and action on micro-fibre pollution.

Agriculture

Continuing our focus on ensuring that policymakers strengthen their focus and policies to reduce greenhouse gas emissions (GHG) emitted by the agriculture sector – see our previous engagement on **EU Common Agricultural Policy** when we met with the Commission to discuss and spoke about during closing remarks **of this event** – we have joined a collaborative with the **FAIRR Initiative** titled 'Where is the Beef'. The **investor statement** is urging all G20 nation to enact ambitious policies and to publicly disclose effective targets for GHG reductions in the agriculture sector within or alongside their NDCs commitments at COP26. If well managed, the sector can actually serve as a 'carbon sink'. The statement has received strong support from the former secretary-general of the UNs, Ban Ki-Moon, and was **picked up** in the media.

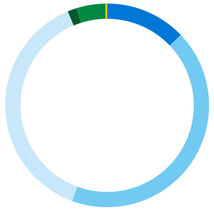
*References to any security are for illustrative purposes only.

Regional updates

UK - Q2 2021 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	215	0	0
Capitalisation	1077	53	0
Directors related	2150	176	0
Non-Salary compensation	332	157	0
Reorganisation and mergers	26	6	0
Routine/Business	1312	19	0
Shareholder Proposal - Compensation	1	0	0
Shareholder Proposal - Corporate governance	0	0	0
Shareholder Proposal - Directors related	2	0	0
Shareholder Proposal - General economic issues	0	0	0
Shareholder Proposal - Health/Environment	2	1	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	5117	412	0
Total resolutions	5529		
No. AGMs	295		
No. EGMs	42		
No. of companies voted on	314		
No. of companies where voted against management/abstained on at least one resolution	173		
% of companies where at least one vote against management (includes abstentions)	55%		

Votes against management



- Anti-takeover related - 0
- Capitalisation - 53
- Directors related - 176
- Remuneration-related - 157
- Reorganisation and mergers - 6
- Routine/Business - 19
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate governance - 0
- Shareholder Proposal - Directors related - 0
- Shareholder Proposal - General economic issues - 0
- Shareholder Proposal - Health/Environment - 1
- 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 management

141	173

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

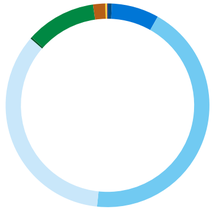
LGIM voted against at least one resolution at 55% of UK companies over the quarter.

Source for all data: LGIM as at 30 June, 2021. The votes on this page and in the pages that follow represent voting instructions for our main FTSE pooled index funds.

Europe - Q2 2021 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	4	8	0
Capitalisation	684	89	0
Directors related	2118	502	12
Non-Salary compensation	689	409	2
Reorganisation and mergers	57	3	0
Routine/Business	1692	128	3
Shareholder Proposal - Compensation	2	0	0
Shareholder Proposal - Corporate governance	4	0	0
Shareholder Proposal - Directors related	19	23	0
Shareholder Proposal - General economic issues	0	0	0
Shareholder Proposal - Health/Environment	1	2	0
Shareholder Proposal - Other/Miscellaneous	1	1	0
Shareholder Proposal - Routine/Business	6	1	0
Shareholder Proposal - Social/Human rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	5277	1166	17
Total resolutions	6460		
No. AGMs	322		
No. EGMs	11		
No. of companies voted on	325		
No. of companies where voted against management/abstained on at least one resolution	281		
% of companies where at least one vote against management (includes abstentions)	86%		

Votes against management



- Anti-takeover related - 8
- Capitalisation - 89
- Directors related - 514
- Remuneration-related - 411
- Reorganisation and mergers - 3
- Routine/Business - 131
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate governance - 0
- Shareholder Proposal - Directors related - 23
- Shareholder Proposal - General economic issues - 0
- Shareholder Proposal - Health/Environment - 2
- Shareholder Proposal - Other/Miscellaneous - 1
- Shareholder Proposal - Routine/Business - 1
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against management

44	281

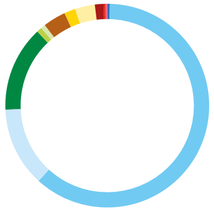
- No. of companies where we supported management
- No. of companies where we voted against management

LGIM voted against at least one resolution at 86% of European companies over the quarter.

North America - Q2 2021 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	59	1	0
Capitalisation	53	7	0
Directors related	3813	1187	5
Non-Salary compensation	423	245	0
Reorganisation and mergers	12	1	0
Routine/Business	310	263	0
Shareholder Proposal - Compensation	4	16	0
Shareholder Proposal - Corporate governance	16	14	0
Shareholder Proposal - Directors related	62	70	0
Shareholder Proposal - General economic issues	0	1	0
Shareholder Proposal - Health/Environment	6	34	0
Shareholder Proposal - Other/Miscellaneous	5	61	0
Shareholder Proposal - Routine/Business	2	27	0
Shareholder Proposal - Social/Human rights	0	6	0
Shareholder Proposal - Social	13	5	0
Total	4778	1938	5
Total resolutions	6721		
No. AGMs	520		
No. EGMs	10		
No. of companies voted on	526		
No. of companies where voted against management/abstained on at least one resolution	508		
% of companies where at least one vote against management (includes abstentions)	97%		

Votes against management



- Anti-takeover related - 1
- Capitalisation - 7
- Directors related - 1192
- Remuneration-related - 245
- Reorganisation and mergers - 1
- Routine/Business - 263
- Shareholder Proposal - Compensation - 16
- Shareholder Proposal - Corporate governance - 14
- Shareholder Proposal - Directors related - 70
- Shareholder Proposal - General economic issues - 1
- Shareholder Proposal - Health/Environment - 34
- Shareholder Proposal - Other/Miscellaneous - 61
- Shareholder Proposal - Routine/Business - 27
- Shareholder Proposal - Social/Human Rights - 6
- Shareholder Proposal - Social - 5

Number of companies voted for/against management

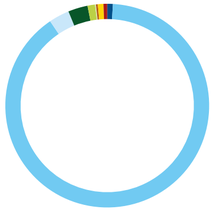
- No. of companies where we supported management
- No. of companies where we voted against management

LGIM voted against at least one resolution at 97% of North American companies over the quarter.

Japan - Q2 2021 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	0	6	0
Capitalisation	1	0	0
Directors related	3614	606	0
Non-Salary compensation	209	22	0
Reorganisation and mergers	77	21	0
Routine/Business	267	0	0
Shareholder Proposal - Compensation	1	8	0
Shareholder Proposal - Corporate governance	1	1	0
Shareholder Proposal - Directors related	23	2	0
Shareholder Proposal - General economic issues	0	0	0
Shareholder Proposal - Health/Environment	38	6	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	17	4	0
Shareholder Proposal - Social/Human rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	4248	676	0
Total resolutions	4924		
No. AGMs	396		
No. EGMs	3		
No. of companies voted on	399		
No. of companies where voted against management/abstained on at least one resolution	307		
% of companies where at least one vote against management (includes abstentions)	77%		

Votes against management



- Anti-takeover related - 6
- Capitalisation - 0
- Directors related - 606
- Remuneration-related - 22
- Reorganisation and mergers - 21
- Routine/Business - 0
- Shareholder Proposal - Compensation - 8
- Shareholder Proposal - Corporate governance - 1
- Shareholder Proposal - Directors related - 2
- Shareholder Proposal - General economic issues - 0
- Shareholder Proposal - Health/Environment - 6
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 4
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against management

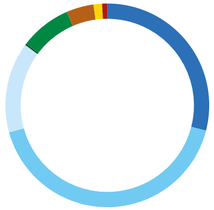
- No. of companies where we supported management
- No. of companies where we voted against management

LGIM voted against at least one resolution at 77% of Japanese companies over the quarter.

Asia Pacific - Q2 2021 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	4	0	0
Capitalisation	137	107	0
Directors related	371	149	5
Non-Salary compensation	25	53	0
Reorganisation and mergers	41	1	0
Routine/Business	259	30	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate governance	0	0	0
Shareholder Proposal - Directors related	0	16	0
Shareholder Proposal - General economic issues	0	0	0
Shareholder Proposal - Health/Environment	1	5	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	0	3	0
Shareholder Proposal - Social/Human rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	838	364	5
Total resolutions	1207		
No. AGMs	117		
No. EGMs	25		
No. of companies voted on	131		
No. of companies where voted against management/abstained on at least one resolution	104		
% of companies where at least one vote against management (includes abstentions)	79%		

Votes against management



- Anti-takeover related - 0
- Capitalisation - 107
- Directors related - 154
- Remuneration-related - 53
- Reorganisation and mergers - 1
- Routine/Business - 30
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate governance - 0
- Shareholder Proposal - Directors related - 16
- Shareholder Proposal - General economic issues - 0
- Shareholder Proposal - Health/Environment - 5
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 3
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against management

27	104

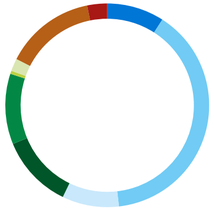
- No. of companies where we supported management
- No. of companies where we voted against management

LGIM voted against at least one resolution at 79% of Asia Pacific companies over the quarter.

Emerging markets - Q2 2021 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	1	0	0
Capitalisation	1954	371	0
Directors related	4080	1239	356
Non-Salary compensation	133	368	0
Reorganisation and mergers	1761	475	0
Routine/Business	6506	457	0
Shareholder Proposal - Compensation	8	20	0
Shareholder Proposal - Corporate governance	19	82	0
Shareholder Proposal - Directors related	86	570	15
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	20	129	0
Shareholder Proposal - Social/Human rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	14568	3711	371
Total resolutions	18650		
No. AGMs	1110		
No. EGMs	323		
No. of companies voted on	1142		
No. of companies where voted against management/abstained on at least one resolution	826		
% of companies where at least one vote against management (includes abstentions)	72%		

Votes against management



- Anti-takeover related - 0
- Capitalisation - 371
- Directors related - 1595
- Remuneration-related - 368
- Reorganisation and mergers - 475
- Routine/Business - 457
- Shareholder Proposal - Compensation - 20
- Shareholder Proposal - Corporate governance - 82
- Shareholder Proposal - Directors related - 585
- Shareholder Proposal - General economic issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 129
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against management

316	826

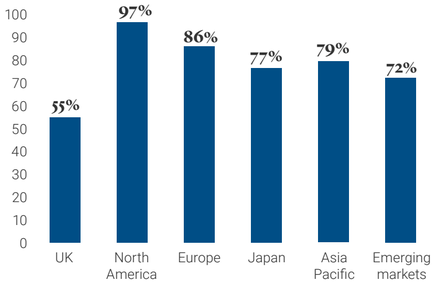
- No. of companies where we supported management
- No. of companies where we voted against management

LGIM voted against at least one resolution at 72% of emerging market companies over the quarter.

Global - Q2 2021 voting summary

Proposal category	Total for	Total against	Total abstentions	Total
Anti-takeover related	283	15	0	298
Capitalisation	3906	627	0	4533
Directors related	16146	3859	378	20383
Non-Salary compensation	1811	1254	2	3067
Reorganisation and mergers	1974	507	0	2481
Routine/Business	10346	897	3	11246
Shareholder Proposal - Compensation	16	44	0	60
Shareholder Proposal - Corporate governance	40	97	0	137
Shareholder Proposal - Directors related	192	681	15	888
Shareholder Proposal - General economic issues	0	1	0	1
Shareholder Proposal - Health/Environment	48	48	0	96
Shareholder Proposal - Other/Miscellaneous	6	62	0	68
Shareholder Proposal - Routine/Business	45	164	0	209
Shareholder Proposal - Social/Human rights	0	6	0	6
Shareholder Proposal - Social	13	5	0	18
Total resolutions	34826	8267	398	43491
No. AGMs				2760
No. EGMs				414
No. of companies voted on				2837
No. of companies where voted against management/abstained on at least one resolution				2199
% of companies where at least one vote against management (includes abstentions)				78%

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



Number of companies voted for/against management

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

Global engagement summary

In Q2 2021, the Investment Stewardship team held

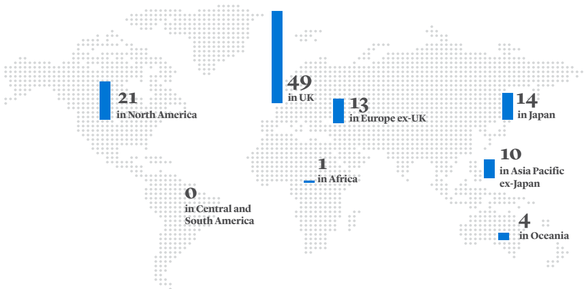
112 engagements **with** **91** companies

(vs. 234 engagements with 216 companies last quarter)

Breaking down the engagement numbers

Breakdown of engagement by themes

Regional breakdown of engagements



Top five engagement topics*

44 Climate change

41 Remuneration

11 Board composition

11 Strategy

10 Diversity

Engagement type

50 Conference calls

62 Emails / letters

*Note: an engagement can cover more than a single topic

Contact us

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

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Shropshire County Council

Q2 2021

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

Ten years ago, the United Nations formalised the responsibility of business, including institutional investors, to respect human rights via the launch of the Guiding Principles on Business and Human Rights. Since then, expectations from employees, suppliers, clients, governments and wider society have only increased. The climate emergency, widening economic inequality and the global COVID-19 pandemic have played a significant role in driving those expectations even higher in the past year.

Considering investors' role in helping prevent and mitigate actual and potential negative outcomes for people, BMO GAM has in the past year increased its engagement activities around human rights. This quarter alone, we participated in a handful of collaborative engagement projects addressing issues such as human rights due diligence, impacts of facial recognition technologies, potential human rights abuses from operations in Myanmar, and challenges staff in nursing homes face. Read below to learn more about these initiatives.

On climate, big oil faced a day of reckoning on May 26, 2021. That day, **ExxonMobil**, **Chevron** and **Royal Dutch Shell** received blows, led by shareholders in the cases of Exxon and Chevron, that could force them to re-think their business models. After years of engaging with these companies on their approach to decarbonisation and wider climate change management issues, we joined the chorus of investor discontent by escalating our engagement at the ballot box.

Collaborating for robust human rights due diligence

Engagement collaboration

All companies should have a robust approach to minimizing and remediating adverse human rights impacts, in alignment with the UN Guiding Principles for Business and Human Rights. However, the 2020 Corporate Human Rights Benchmark (CHRB) found that 95 out of 230 companies failed to score any points on the human rights due diligence indicator. As such, we joined 208 institutional investors representing $5.8 trillion in AUM in signing a statement expressing concern for these low CHRB scores, calling on companies to improve their human rights due diligence approaches and setting out investor expectations. Coordinated by the Investor Alliance for Human Rights, where we serve on the Advisory Committee, this letter was sent to the 95 companies in May 2021.

My face, my rights

Engagement collaboration

Robust human rights due diligence is especially important to prevent unintended human rights consequences of emerging technologies, many of which develop so rapidly that regulators have a hard time catching up. Facial recognition technologies' accuracy rates can be questionable, yet they are increasing used for surveillance purposes. They can have built-in ethnic and racial biases and be misused by authoritarian regimes, adversely impacting already vulnerable people. Some of the world's big tech companies have developed their own facial recognition products and services over the last few years, such as Amazon's Rekognition. With this context in mind, we joined 50 investors with over $4.5 trillion in AUM by signing an Investor Statement on Facial Recognition[1], calling on companies to proactively assess, disclose, mitigate and remediate human rights risks related to their facial recognition products and services.

COVID 19 – the precarious position of staff at nursing homes

Engagement collaboration

In March 2021 we signed an investor expectations statement[2] for labour standards in the nursing home sector with 94 other investors with a combined US$3.34 trillion in assets under management. The statement was initiated by UNI Global Union, a global union federation for the skills and services sectors. On the back of the statement, we have reached out to 13 health care providers and real estate companies that are running nursing homes, requesting dialogues to discuss adequate staffing levels, expanded collective bargaining, improved health and safety, liveable wages, as well as enhanced quality of care.

Big Oil's Bad Day

May 26, 2021 might go down in history as a day of climate reckoning for the traditional fossil fuel industry, when three of the world's largest oil companies received blows that could force them to re-think their business models. In a watershed moment, investors at Exxon and Chevron voted with overwhelming majority for measures that should prompt the companies to take responsibility for lowering the emissions of its products (Scope 3). In an unprecedented proxy fight driven by climate action concerns, Exxon investors voted in three dissident candidates to the Exxon board hoping to push the company in a more sustainable direction. On that same day, a court in the Netherlands ordered Shell to set much higher emission reduction targets.

The shareholder activism success at Exxon in particular could set a precedent for US oil majors that generally tend to lag European peer companies in addressing climate change. The proxy fight was launched by Engine No. 1, a small hedge fund, which proposed four independent director candidates with experience in oil and gas, climate change, renewable energy and business transformation. We have been voting against Exxon directors for climate-related concerns and unresponsiveness to shareholder engagement for the past three years. As three of the four Engine No. 1 candidates have now been confirmed to the board, we are curious to see what Exxon will do next.

Meanwhile, Shell was ordered to reduce emissions from its operations and customers by 45% by 2030, 5 years earlier than the company planned in its *Powering Progress* strategy. The strategy, which the company submitted for an advisory vote at the AGM, includes targets to reduce the carbon intensity of energy products it sells by 6-8% by 2023, 20% by 2030, 45% by 2035 and 100% by 2050.

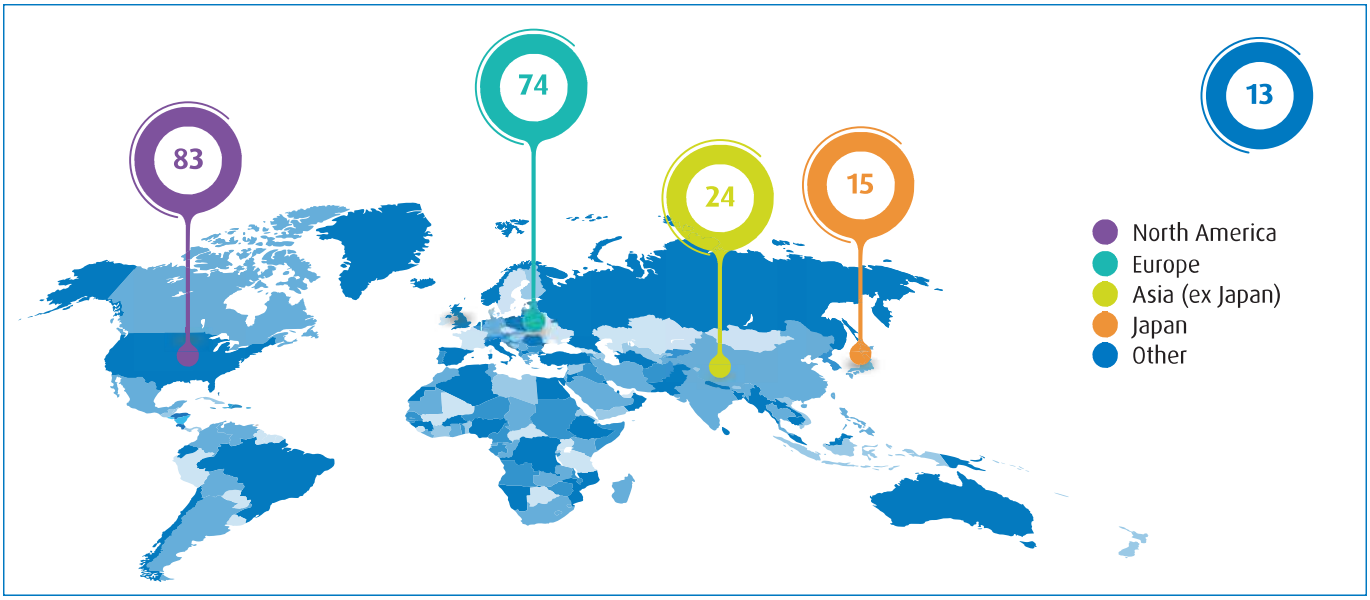
[1] https://collaborate.unpri.org/system/files/2021-06/investor_statement_-_facial_recognition_human_rights_0.pdf

[2] https://www.uniglobalunion.org/sites/default/files/imce/investor_statement_for_quality_care.pdf

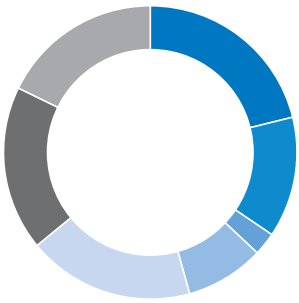
Companies engaged this quarter

Companies Engaged	Milestones achieved	Countries covered
209	82	32

Companies engaged by region

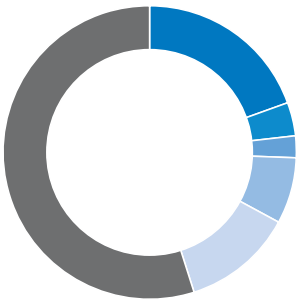


Companies engaged by issue ***



Climate Change	100
Environmental Standards	63
Business Conduct	12
Human Rights	41
Labour Standards	87
Public Health	86
Corporate Governance	84

Milestones achieved by issue



Climate Change	16
Environmental Standards	3
Business Conduct	2
Labour Standards	6
Public Health	10
Corporate Governance	45

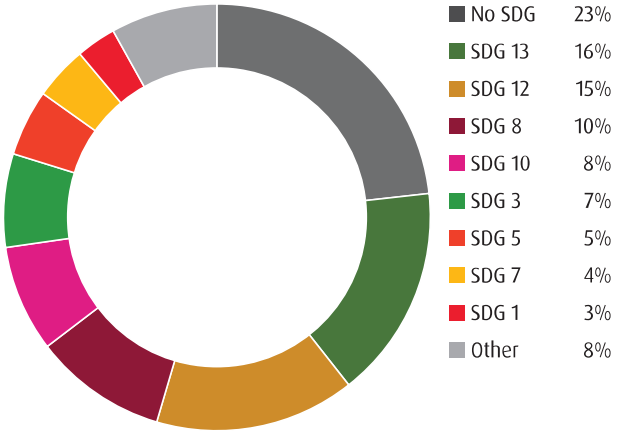
* ***reo***® is currently applied to £269bn / €316bn / US$370bn* as at 31 March 2021.
** Companies may have been engaged on more than one issue.
*** This report has been compiled using data supplied by a third-party electronic voting platform provider. The statistics exclude ballots with zero shares 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)

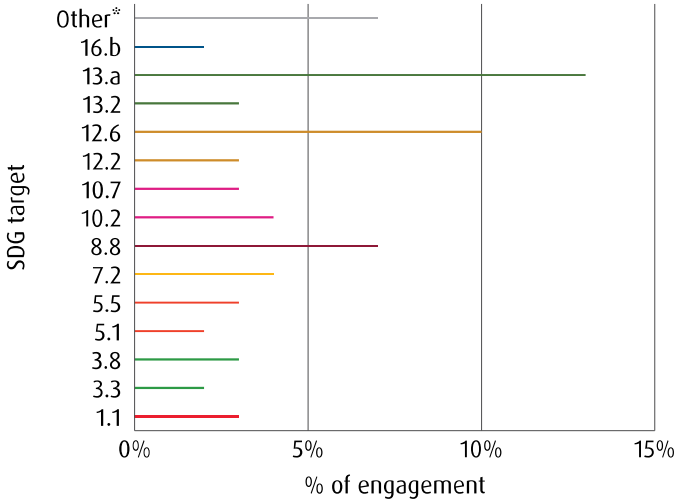
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

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.

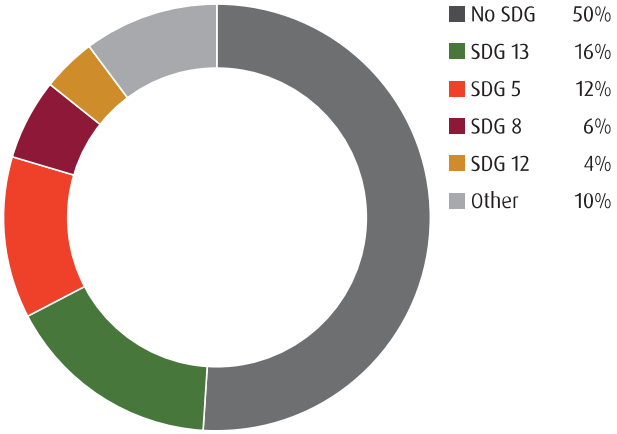
Engagement: SDG level



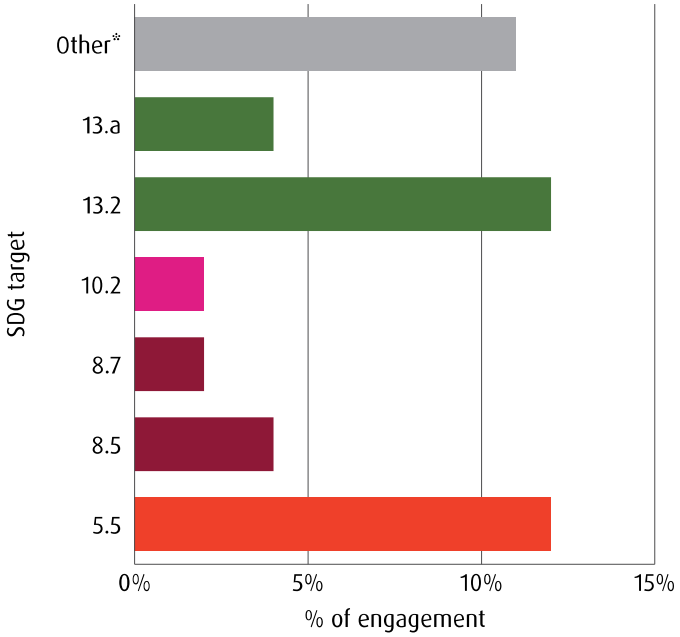
Engagement: SDG target level



Milestone: SDG level



Milestone: SDG target level



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

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Priority Companies and Your Fund

The table below highlights the companies on BMO's annual priority engagement list with which we have engaged on your behalf in the past quarter and which you currently hold within your portfolio. Priority companies are selected through a detailed analysis of client holdings, proprietary ESG risk scores, engagement history and the BMO 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
AbbVie Inc	Health Care		Poor						●	
Alleghany Corp	Financials		Adequate	●						
Amazon.com Inc	Consumer Discretionary		Poor			●	●	●	●	●
Antofagasta PLC	Materials						●	●		●
Aroundtown SA	Real Estate									●
Barclays PLC	Financials		Good	●	●		●			●
Charter Communications Inc	Consumer Discretionary			●				●		●
China Construction Bank Corp	Financials		Poor	●	●					
Dominion Energy Inc	Utilities		Good	●						
Duke Energy Corp	Utilities		Good	●						●
Exxon Mobil Corp	Energy			●						●
Fresenius SE & Co KGaA	Health Care		Good		●		●	●	●	
General Motors Co	Consumer Discretionary		Adequate	●						
Keyence Corp	Information Technology		Adequate							●
Mondelez International Inc	Consumer Staples								●	
Monster Beverage Corp	Consumer Staples			●	●				●	
Reliance Industries Ltd	Energy			●						
Royal Dutch Shell PLC	Energy		Good	●	●	●	●			
SMC Corp	Industrials									●
Suncor Energy Inc	Energy			●			●	●		●
Suzuki Motor Corp	Consumer Discretionary						●			
Ubisoft Entertainment SA	Information Technology							●		●
Vistra Corp	Utilities			●						●
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
Abbott Laboratories	United States	Health Care						●	●	●
Adani Ports & Special Economic Zone Ltd	India	Industrials					●			
BIM Birlesik Magazalar AS	Turkey	Consumer Staples								●
Booking Holdings Inc	United States	Consumer Discretionary				●				
Canadian National Railway Co	Canada	Industrials		●				●		●
Cencosud SA	Chile	Consumer Staples						●	●	
Chubu Electric Power Co Inc	Japan	Utilities		●						
Empire Co Ltd	Canada	Consumer Staples							●	
General Motors Co	United States	Consumer Discretionary	✔	●						
Haier Smart Home Co Ltd	China	Consumer Discretionary								●
JBS SA	Brazil	Consumer Staples		●	●			●	●	
Monster Beverage Corp	United States	Consumer Staples	✔	●	●				●	
New Hope Liuhe Co Ltd	China	Consumer Staples							●	
Pfizer Inc	United States	Health Care			●	●			●	●
SMC Corp	Japan	Industrials	✔							●
Stellantis NV	Netherlands	Consumer Discretionary		●						
Suzano SA	Brazil	Materials			●					
Suzuki Motor Corp	Japan	Consumer Discretionary	✔				●			
Vistra Corp	United States	Utilities	✔	●						●
Volkswagen AG	Germany	Consumer Discretionary		●						
Walmart Inc	United States	Consumer Staples		●	●				●	
Wells Fargo & Co	United States	Financials	✔	●	●			●		●
Wens Foodstuffs Group Co Ltd	China	Consumer Staples							●	
Yonghui Superstores Co Ltd	China	Consumer Staples							●	

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

Engagements and Your Fund: 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.

				Themes engaged						
Name	Country	Sector	Priority company	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Alleghany Corp	United States	Financials	✔	●						
ANTA Sports Products Ltd	China	Consumer Discretionary			●		●	●		
Aramark	United States	Consumer Discretionary							●	
Bank of China Ltd	China	Financials		●	●					
Bayer AG	Germany	Health Care							●	
BRF SA	Brazil	Consumer Staples					●		●	
By-health Co Ltd	China	Consumer Staples			●	●		●		●
CCL Industries Inc	Canada	Materials								●
Charoen Pokphand Foods PCL	Thailand	Consumer Staples							●	
Charter Communications Inc	United States	Consumer Discretionary	✔	●				●		●
Costco Wholesale Corp	United States	Consumer Staples							●	
CVS Health Corp	United States	Health Care						●	●	●
Dali Foods Group Co Ltd	China	Consumer Staples		●	●				●	●
Delivery Hero SE	Germany	Information Technology						●		
Dollar General Corp	United States	Consumer Discretionary						●		
Empresas CMPC SA	Chile	Materials			●					
Fresenius SE & Co KGaA	Germany	Health Care	✔		●		●	●	●	
Glencore PLC	Switzerland	Materials		●						
Grupo Bimbo SAB de CV	Mexico	Consumer Staples							●	
Hershey Co/The	United States	Consumer Staples							●	
Johnson & Johnson	United States	Health Care							●	
Keyence Corp	Japan	Information Technology	✔							●
MEIJI Holdings Co Ltd	Japan	Consumer Staples							●	
Mohawk Industries Inc	United States	Consumer Discretionary			●			●		
Moscow Exchange MICEX-RTS PJSC	Russia	Financials						●		●
Occidental Petroleum Corp	United States	Energy		●						●
Omega Healthcare Investors Inc	United States	Real Estate						●		

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

Name	Country	Sector	Priority company	Themes engaged: Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Orpea SA	France	Health Care						●		
Ping An Insurance Group Co of China Ltd	China	Financials						●		●
Reliance Industries Ltd	India	Energy	✔	●						
Saputo Inc	Canada	Consumer Staples							●	
Walgreens Boots Alliance Inc	United States	Consumer Staples				●		●	●	
Waste Connections Inc	United States	Industrials			●			●		●

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

Engagements and Your Fund: 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		●	●					
AIA Group Ltd	Hong Kong	Financials		●				●	●	●
Air Canada	Canada	Industrials								●
Alcon Inc	Switzerland	Health Care		●						
Alimentation Couche-Tard Inc	Canada	Consumer Staples							●	
Amazon.com Inc	United States	Consumer Discretionary	✔			●	●	●	●	●
Anglo American PLC	United Kingdom	Materials		●						
Aroundtown SA	Luxembourg	Real Estate	✔							●
Bank of America Corp	United States	Financials		●	●			●		●
Barrick Gold Corp	Canada	Materials					●	●		●
BHP Group Ltd	Australia	Materials		●						
boohoo Group PLC	United Kingdom	Consumer Discretionary						●		●
BP PLC	United Kingdom	Energy		●						●
Carrefour SA	France	Consumer Staples						●	●	
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							●	
Deutsche Post AG	Germany	Industrials						●		
Devon Energy Corp	United States	Energy		●			●			●
Dominion Energy Inc	United States	Utilities	✔	●						
Duke Energy Corp	United States	Utilities	✔	●						●
Eni SpA	Italy	Energy					●			
Etablissements Franz Colruyt NV	Belgium	Consumer Staples							●	
Exxon Mobil Corp	United States	Energy	✔	●						●
GlaxoSmithKline PLC	United Kingdom	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	Themes engaged: Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Hilton Worldwide Holdings Inc	United States	Consumer Discretionary					●			
Kirin Holdings Co Ltd	Japan	Consumer Staples					●			
Kraft Heinz Co/The	United States	Consumer Staples							●	
Loblaw Cos Ltd	Canada	Consumer Staples		●				●	●	●
LPP SA	Poland	Consumer Discretionary						●		
McDonald's Corp	United States	Consumer Discretionary							●	
Meituan	China	Consumer Discretionary			●			●		●
Mitsubishi UFJ Financial Group Inc	Japan	Financials		●	●		●			
Mondelez International Inc	United States	Consumer Staples	✔						●	
Northland Power Inc	Canada	Utilities								●
Pembina Pipeline Corp	Canada	Energy								●
Principal Financial Group Inc	United States	Financials						●		●
PTT Exploration & Production PCL	Thailand	Energy					●			●
RioCan Real Estate Investment Trust	Canada	Real Estate								●
Roche Holding AG	Switzerland	Health Care							●	
Ryman Healthcare Ltd	New Zealand	Health Care						●		
Serco Group PLC	United Kingdom	Industrials						●		●
Seven & i Holdings Co Ltd	Japan	Consumer Staples							●	
Starbucks Corp	United States	Consumer Discretionary							●	
Suncor Energy Inc	Canada	Energy	✔	●			●	●		●
Sysco Corp	United States	Consumer Staples					●	●	●	
Tencent Holdings Ltd	China	Information Technology		●		●				●
Top Glove Corp Bhd	Malaysia	Health Care					●	●		
TOTAL SE	France	Energy		●			●			●
Tyson Foods Inc	United States	Consumer Staples					●		●	
Ubisoft Entertainment SA	France	Information Technology	✔					●		●
Valero Energy Corp	United States	Energy		●						●
WH Group Ltd	Hong Kong	Consumer Staples							●	
Woolworths Group Ltd	Australia	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: ●

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.

				Themes engaged						
Name	Country	Sector	Priority company	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
adidas AG	Germany	Consumer Discretionary						●		
Aeon Co Ltd	Japan	Consumer Staples							●	
Amadeus IT Group SA	Spain	Information Technology						●		●
Antofagasta PLC	Chile	Materials	✔				●	●		●
Archer-Daniels-Midland Co	United States	Consumer Staples			●		●			
Associated British Foods PLC	United Kingdom	Consumer Staples						●	●	
AstraZeneca PLC	United Kingdom	Health Care							●	
Banco Bradesco SA	Brazil	Financials		●	●					
Bank of Nova Scotia	Canada	Financials		●	●					
Barclays PLC	United Kingdom	Financials	✔	●	●		●			●
BASF SE	Germany	Materials		●						
BNP Paribas SA	France	Financials		●	●					●
Bunge Ltd	United States	Consumer Staples			●					
Burberry Group PLC	United Kingdom	Consumer Discretionary					●	●		
Campbell Soup Co	United States	Consumer Staples							●	
Carlsberg AS	Denmark	Consumer Staples					●			
CIMB Group Holdings Bhd	Malaysia	Financials		●	●					
Citigroup Inc	United States	Financials		●	●			●		
Coles Group Ltd	Australia	Consumer Staples							●	
Commerzbank AG	Germany	Financials		●			●	●		
Compass Group PLC	United Kingdom	Consumer Discretionary						●	●	
Covestro AG	Germany	Materials			●					
Credit Agricole SA	France	Financials		●	●					
Credit Suisse Group AG	Switzerland	Financials		●	●	●	●			●
Daiwa House Industry Co Ltd	Japan	Real Estate					●			
Danone SA	France	Consumer Staples							●	
Deutsche Bank AG	Germany	Financials		●	●					●

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

Name	Country	Sector	Priority company	Themes engaged: Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Domino's Pizza Group PLC	United Kingdom	Consumer Discretionary							●	
Enel SpA	Italy	Utilities		●			●			
Fast Retailing Co Ltd	Japan	Consumer Discretionary						●		●
Fortis Inc/Canada	Canada	Utilities		●			●	●		●
General Mills Inc	United States	Consumer Staples							●	
George Weston Ltd	Canada	Consumer Staples								●
Gilead Sciences Inc	United States	Health Care							●	
Goldman Sachs Group Inc/The	United States	Financials		●	●			●		●
Greggs PLC	United Kingdom	Consumer Discretionary							●	
H & M Hennes & Mauritz AB	Sweden	Consumer Discretionary			●			●		
Healthpeak Properties Inc	United States	Real Estate						●		
Hormel Foods Corp	United States	Consumer Staples							●	
HSBC Holdings PLC	United Kingdom	Financials		●	●					●
Iberdrola SA	Spain	Utilities			●			●		●
ICA Gruppen AB	Sweden	Consumer Staples							●	
Industria de Diseno Textil SA	Spain	Consumer Discretionary						●		
Informa PLC	United Kingdom	Consumer Discretionary		●						●
Intel Corp	United States	Information Technology								●
Intertek Group PLC	United Kingdom	Industrials								●
J Sainsbury PLC	United Kingdom	Consumer Staples			●			●	●	
Jeronimo Martins SGPS SA	Portugal	Consumer Staples							●	
JPMorgan Chase & Co	United States	Financials		●	●			●		●
KDDI Corp	Japan	Communication Services					●			
Kellogg Co	United States	Consumer Staples							●	
Kerry Group PLC	Ireland	Consumer Staples							●	
Kesko OYJ	Finland	Consumer Staples						●		
Kingspan Group PLC	Ireland	Industrials							●	●
Koninklijke Ahold Delhaize NV	Netherlands	Consumer Staples							●	
Kroger Co/The	United States	Consumer Staples		●	●				●	
Linde PLC	United Kingdom	Materials			●					
Lloyds Banking Group PLC	United Kingdom	Financials			●			●		●
LVMH Moet Hennessy Louis Vuitton SE	France	Consumer Discretionary						●		
Marks & Spencer Group PLC	United Kingdom	Consumer Discretionary						●	●	
Marubeni Corp	Japan	Industrials			●					
Merck KGaA	Germany	Health Care							●	
Microsoft Corp	United States	Information Technology				●		●		
Mizuho Financial Group Inc	Japan	Financials		●	●					

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

Name	Country	Sector	Priority company	Themes engaged: Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Morgan Stanley	United States	Financials		●	●					
Mowi ASA	Norway	Consumer Staples		●	●			●	●	
National Bank of Canada	Canada	Financials		●				●		●
NAVER Corp	South Korea	Information Technology						●		●
Nestle India Ltd	India	Consumer Staples				●			●	●
Nestle SA	Switzerland	Consumer Staples							●	
Novartis AG	Switzerland	Health Care							●	●
Novo Nordisk A/S	Denmark	Health Care							●	
Parkland Corp/Canada	Canada	Energy								●
PTT PCL	Thailand	Energy					●			●
Puma SE	Germany	Consumer Discretionary					●	●		
RELX PLC	United Kingdom	Industrials								●
Restaurant Brands International Inc	Canada	Consumer Discretionary							●	
Royal Bank of Canada	Canada	Financials		●	●					●
Royal Dutch Shell PLC	Netherlands	Energy	✔	●	●	●	●			
Smurfit Kappa Group PLC	Ireland	Materials		●	●					●
Societe Generale SA	France	Financials		●	●					
Sumitomo Mitsui Financial Group Inc	Japan	Financials		●	●					
Sun Life Financial Inc	Canada	Financials								●
Symrise AG	Germany	Materials						●		●
Target Corp	United States	Consumer Discretionary							●	
Tesco PLC	United Kingdom	Consumer Staples							●	
Toronto-Dominion Bank/The	Canada	Financials		●	●					
Tractor Supply Co	United States	Consumer Discretionary		●				●		
UBS Group AG	Switzerland	Financials		●	●	●		●		
Unilever PLC	United Kingdom	Consumer Staples							●	
Ventas Inc	United States	Real Estate						●		
Welltower Inc	United States	Real Estate						●		
Whitbread PLC	United Kingdom	Consumer Discretionary							●	
Wm Morrison Supermarkets PLC	United Kingdom	Consumer Staples						●	●	
WSP Global Inc	Canada	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
★★★											
Engie SA	France	Utilities			●						
JBS SA	Brazil	Consumer Staples				●					
Korea Electric Power Corp	South Korea	Utilities			●						
Mitsubishi UFJ Financial Group Inc	Japan	Financials			●						
★★											
Commerzbank AG	Germany	Financials			●						
DBS Group Holdings Ltd	Singapore	Financials			●						
Devon Energy Corp	United States	Energy			●						
Duke Energy Corp	United States	Utilities	✔		●						
Industrial & Commercial Bank of China Ltd	China	Financials			●						
Occidental Petroleum Corp	United States	Energy			●						
Swire Properties Ltd	Hong Kong	Real Estate			●						
Ultratech Cement Ltd	India	Materials			●						
Vistra Corp	United States	Utilities	✔		●						
Yum! Brands Inc	United States	Consumer Discretionary			●						
★											
AIA Group Ltd	Hong Kong	Financials			●						
Bayer AG	Germany	Health Care			●	●					
China Construction Bank Corp	China	Financials	✔		●						
JPMorgan Chase & Co	United States	Financials				●					

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

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					Themes engaged						
Name	Country	Sector	Priority company	ESG Rating	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
★★★											
Kerry Group PLC	Ireland	Consumer Staples								●	
★★											
China Construction Bank Corp	China	Financials	✔				●				
Eli Lilly & Co	United States	Health Care	✔							●	
Gilead Sciences Inc	United States	Health Care								●	
Hargreaves Lansdown PLC	United Kingdom	Financials							●		
★											
Becton Dickinson and Co	United States	Health Care							●		
Carrefour SA	France	Consumer Staples								●	
Charoen Pokphand Foods PCL	Thailand	Consumer Staples								●	
Clicks Group Ltd	South Africa	Consumer Staples							●		
Grupo Bimbo SAB de CV	Mexico	Consumer Staples								●	
Jeronimo Martins SGPS SA	Portugal	Consumer Staples								●	
Koninklijke Ahold Delhaize NV	Netherlands	Consumer Staples								●	
Kraft Heinz Co/The	United States	Consumer Staples								●	
MEIJI Holdings Co Ltd	Japan	Consumer Staples								●	
Naspers Ltd	South Africa	Consumer Discretionary					●				
PayPal Holdings Inc	United States	Information Technology							●		
Teck Resources Ltd	Canada	Materials							●		
Wells Fargo & Co	United States	Financials	✔						●		

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

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					Themes engaged						
Name	Country	Sector	Priority company	ESG Rating	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
★★★											
Public Storage	United States	Real Estate		🟠							⚫
★★											
AIA Group Ltd	Hong Kong	Financials		🟡							⚫
boohoo Group PLC	United Kingdom	Consumer Discretionary		🟡							⚫
Daito Trust Construction Co Ltd	Japan	Real Estate		🟠							⚫
JBS SA	Brazil	Consumer Staples		🔴							⚫
Kakaku.com Inc	Japan	Information Technology		🟠							⚫
Koei Tecmo Holdings Co Ltd	Japan	Information Technology		🔴							⚫
Loblaw Cos Ltd	Canada	Consumer Staples		🟡							⚫
M3 Inc	Japan	Health Care		🔴							⚫
MINEBEA MITSUMI Inc	Japan	Industrials		🟠							⚫
Murata Manufacturing Co Ltd	Japan	Information Technology		🟡							⚫
NEC Corp	Japan	Information Technology		🔵							⚫
Nippon Sanso Holdings Corp	Japan	Materials		🔴							⚫
Nissan Chemical Corp	Japan	Materials		🟡							⚫
Nitori Holdings Co Ltd	Japan	Consumer Discretionary		🟠							⚫
Olympus Corp	Japan	Health Care		🔴							⚫
Raia Drogasil SA	Brazil	Consumer Staples		🔴							⚫
Sharp Corp/Japan	Japan	Consumer Discretionary		🟡							⚫
SMC Corp	Japan	Industrials	✔	🔴							⚫
SoftBank Group Corp	Japan	Communication Services		🔴							⚫
T&D Holdings Inc	Japan	Financials		🟡							⚫
TIS Inc	Japan	Information Technology		🟡							⚫
Tokyo Century Corp	Japan	Financials		🔵							⚫
Toray Industries Inc	Japan	Materials		🔵							⚫

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

Name	Country	Sector	Priority company	ESG Rating	Themes engaged: Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Twitter Inc	United States	Information Technology									
Wolters Kluwer NV	Netherlands	Industrials									
★											
AbbVie Inc	United States	Health Care	✔								
ANTA Sports Products Ltd	China	Consumer Discretionary									
BlackRock Inc	United States	Financials									
CDW Corp/DE	United States	Information Technology									
Coca-Cola HBC AG	Switzerland	Consumer Staples									
Duke Energy Corp	United States	Utilities	✔								
George Weston Ltd	Canada	Consumer Staples									
Intertek Group PLC	United Kingdom	Industrials									
J Sainsbury PLC	United Kingdom	Consumer Staples									
Kalbe Farma Tbk PT	Indonesia	Health Care									
Marriott International Inc/MD	United States	Consumer Discretionary	✔								
Northland Power Inc	Canada	Utilities									
Toshiba Corp	Japan	Industrials									
Uber 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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Committee and Date	Item
Pensions Committee	13
17 September 2021	Public
10 am	

INVESTMENT STRATEGY STATEMENT

Responsible Officer Justin Bridges
e-mail: justin.bridges@shropshire.gov.uk Tel: (01743) 252072

1. Summary

1.1 Members have previously approved the Investment Strategy Statement in March 2019. The statement has been updated to include details of the revised strategic asset allocations following the investment strategy review which was completed and approved by Members in March 2021. It also takes account of the revised level of equity protection in place with Legal & General agreed previously by Pension Committee.

2. Recommendations

2.1 Members are asked approve the updated Investment Strategy Statement at Appendix A.

REPORT

3. Risk Assessment and Opportunities Appraisal

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

3.2 There are no direct environmental, equalities or climate change consequences arising from this report.

3.3 Regular monitoring against the published Investment Strategy Statement will give early warning of areas of difficulty.

4. Financial Implications

4.1 There are no financial implications to consider in 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.

6. Background

6.1 For many years Local Government Pension Funds have been required to maintain a Statement of Investment Principles (SIPs). In broad terms this document laid out the things that were considered by the Fund when making investment decisions and included the types of investments that could be held, how the various risks were taken into account and what the Fund's objectives were.

6.2 The requirement for LGPS administering authorities to prepare an Investment Strategy Statement was brought in under the new Local Government Pension Scheme (LGPS) Investment Regulations which became effective on 1 November 2016. These Regulations removed the restrictions on investments that were formerly in place for the LGPS and, in effect, allowed individual Funds complete discretion about where and how to invest.

6.3 The Regulations also introduced a requirement for administering authorities to formulate, publish and maintain an Investment Strategy Statement. The Investment Strategy Statement has been prepared in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations.

7. Statutory Background

7.1 The Investment Strategy Statement (ISS) must include;-

- A requirement to invest money in a wide variety of investments;
- The authority's assessment of the suitability of particular investments and types of investments;
- The authority's approach to risk, including the ways in which risks are to be measured and managed;

- The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;

- The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non- selection, retention and realisation of investments; and

- The authority's policy on the exercise of rights (including voting rights) attaching to investments.

7.2 The pension fund should have flexibility to be able to take into account changes in the market in order to be able to enhance or protect returns. Within Shropshire there is clearly defined governance around the setting of the strategic asset allocation for the Fund by the Pension Committee, with this strategy being implemented based on decisions agreed at Pension Committee.

7.3 Members previously approved the Investment Strategy Statement in March 2019. Appendix A to this report is the updated Investment Strategy Statement which has been amended following the decision at the Pension Committee in March 2021 to agree revised strategic asset allocations and implement a revised investment strategy. The Statement has also been updated to reflect the decisions around equity protection options which expired in June and September and the levels of protection now in place as agreed previously at Pension Committee. Members are asked to approve the updated Investment Strategy Statement.

8. Monitoring and Review

8.1 The ISS is subject to review if there are any material changes to any aspects of the Fund.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Pensions Committee, 15 March 2019, Investment Strategy Statement.
Cabinet Member N/A
Local Member N/A
Appendices A – Investment Strategy Statement

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1. Introduction

The Local Government Pension Scheme ("LGPS"), of which the Fund is a part, is established under the Superannuation Act 1972 and is regulated by a series of Regulations made under the 1972 Act.

All LGPS funds in England and Wales are required to have an Investment Strategy Statement ("ISS" or "Statement"). Regulation 7 of The LGPS (Management and Investment of Funds) Regulations 2016 governs the requirements of this Statement. The Shropshire County Pension Fund (the "Fund") has complied with these requirements.

Under the regulations the Secretary of State has the power to intervene in the investment function of an administering authority if the administering authority does not have regard to the Regulations, guidance or if other concerns are raised. This may include changing the ISS and, in the extreme, the transfer of investment powers to the Secretary of State or another nominated person.

Shropshire Council (the "Authority") is the Administrating Authority for the Fund.

This ISS has been prepared by the Fund's Pension Committee (the "Committee"), following advice received from the Fund's consultant, Aon Solutions UK Limited ("Aon").

The document takes account of the Fund's:

Approach to pooling

- the Authority's approach to the pooling of investments, including the use of collective investment vehicles and shared services.

Asset allocation and risk

- to ensure that asset allocation strategies are sufficiently diversified;
- to include the Authority's assessment of the suitability of asset classes;
- set out the maximum percentage of the total value of all investments that it will invest in in particular asset classes;
- to include the Authority's approach to risk, the assessment of risks and how they are to be managed.

Policies regarding investments

- the Authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments;
- the Authority's policy on the exercise of the rights (including voting rights) attaching to investments.

The ISS will be reviewed every three years after the investment strategy has been reviewed and is confirmed as fit for purpose. In addition, the ISS will be reviewed following changes to the investment strategy.

A copy of this ISS will be made available on request to any interested party.

2. Governance

Shropshire Council has delegated responsibility for the management of the Fund to the Pension Committee. The Pension Committee has responsibility for establishing investment policy and ongoing implementation.

The Pension Committee is made up of nine members comprising both elected councillors and a non-voting employee and pensioner representative.

Members of the Pension Committee recognise that they have a fiduciary duty to safeguard, above all else, the financial interests of the Fund's beneficiaries. Beneficiaries, in this context, are considered to be the Fund Members (pensioners, employees and employers), other stakeholders being local Council Tax Payers.

Decisions affecting the Fund's investment strategy are taken with appropriate advice from the Fund's advisers. Only persons or organisations with the necessary skills, information and resources take decisions affecting the Fund. The Members of the Pension Committee will ensure they receive training as and when deemed appropriate, to enable them to critically evaluate any advice they receive.

The Committee receives independent investment advice from the following sources:

- Roger Bartley - strategic and overall investment approach advice.
- Aon Solutions UK Limited ("Aon") (the Investment Consultant) - analysis and advice of a technical nature in relation to all investment related aspects of the Fund.

The Fund's Scheme Administrator has responsibilities under S151 of the Local Government Act 1972 and provides financial (non-investment) advice to the Committee, including advice on financial management, issues of compliance with internal regulations and controls, budgeting and accounting and liaison with independent advisers.

Local Pensions Board

The role of the Local Pensions Board is to assist in the good governance of the scheme through the monitoring of adherence to statutory duties.

The Board consists of 2 employer and 2 member representatives.

The Pensions Board is not a decision-making body, nor does it hold a scrutiny function; its role is to assist in the compliance with scheme rules.

Investment Principles

Details to the extent to which the Pension Committee complies with the six Myners principles and the extent to which management and investment arrangements at Shropshire comply (in accordance with the existing CIPFA guidance), and where not, what action is proposed in order to comply, are set out in Appendix A.

3. Approach to Pooling

The Fund is a participating member of the LGPS Central Pool. The proposed structure and basis on which the LGPS Central Pool (the "Pool") will operate was set out in the July 2016 submission to Government.

Assets to be Invested in the Pool

The Fund's intention is to invest its assets through the LGPS Central Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government.

The majority of the Fund's liquid assets have been transferred to the Pool, although it will take some time for the Pool to restructure the assets into appropriate sub-funds. These sub-funds are in the process of being set-up with the majority due to go live over 2021-2022. The timing is dependent on market conditions and operational circumstances, and until such time as the appropriate sub-fund is set up the assets transferred into the Pool will be overseen by LGPS Central on behalf of the Fund. It is not expected that any significant decisions (e.g. replacement of a manager) will be taken on the assets transferred over to the Pool without prior consultation with the Fund, unless it is part of the process that leads to the setting up of a sub-fund.

At present it is expected that any transitory cash will be held outside the Pool (but not strategic cash holdings), and it is possible that currency management will continue to be carried out at an individual fund level.

Structure and Governance of the LGPS Central Pool

The eight administering authorities of LGPS Central will all be equal shareholders of the company. A Shareholders' Forum, comprising of one elected member from each administering authority, will fulfil the shareholders' role in ensuring that the company is managed efficiently and effectively and in the best interests of the funds.

A Joint Committee, also comprising one elected member from each administering authority, has been formed that will hold the company to account on all investment-related issues. The Joint Committee has no decision making powers and all actions that are felt to be appropriate will ultimately require approval at an individual fund level.

A Practitioners' Advisory Forum, comprising of Officers of the administering authorities, has been set up. The intention of this forum is to provide support and guidance to elected members on some of the practical issues, and to act as a conduit between the Joint Committee and the Committees of individual funds.

4. Asset allocation and risk

Strategic Asset Allocation

The Fund's primary long term investment objective is to achieve and maintain a funding level at, or close to, 100% of the Fund's estimated liabilities; and within this, to endeavour to maintain low and stable employers' contribution rates. Given the constraints on local authority spending, volatility in the employer's contribution rate is undesirable.

The Committee regards the choice of asset allocation policy as the decision that has most influence on the likelihood of achieving their investment objective. The Committee retains direct responsibility for this decision which is made on the advice of their investment adviser with input from their Fund actuary and in consultation with the employers within the Fund.

The investment strategy will normally be reviewed every three years. The last review was undertaken in 2021. In addition, if there is a significant change in the capital markets, in the circumstances of the Fund or in governing legislation then an earlier review may be conducted.

The Committee formulates the investment strategy with a view to:

- the advisability of investing money in a wide variety of investments;
- the suitability of particular investments and types of investment;
- ensuring that asset allocation strategies are sufficiently diversified.

The Committee will consider a full range of investment opportunities including:

- quoted and unquoted equity;
- government and non-government bonds;
- Liability Driven Investment ("LDI");
- Property, private equity and infrastructure;
- absolute return investments such as hedge funds, absolute return bond funds, insurance linked securities and other liquid alternative investments;
- derivatives, including equity options

The Committee further considers the legality of all investments for compliance with the LGPS.

<u>Investment Beliefs</u>

The following investment beliefs are taken into account when agreeing an asset allocation policy:

- A long term approach to investment will deliver better returns.

- The long term nature of the Fund's liabilities is well suited to a long term approach to investment.

- Asset allocation policy is the most important driver of long term return.

- Risk premiums exist for certain types of asset and taking advantage of these can help to improve investment returns.

- Markets can be inefficient, and sometimes 'mispriced' for long periods of time, and there is a place for both active and passive investment management.

- Diversification across investments with low correlation improves the risk/return profile, but over-diversification is both costly and adds little value.

- The Fund should be flexible enough in its asset allocation policy to take advantage of opportunities that arise as a result of market inefficiencies, and also flexible enough to protect against identifiable short-term risks when this is both practical and cost-effective.

- Responsible investment can enhance long term investment performance and the Fund expects responsible investment integration to be a key part of the selection criteria for appointing new managers

- Investment management fees are important and should be minimised wherever possible, but it is ultimately the net return to investors (i.e. the return after all fees and costs) that is the most important factor.

Asset-liability Study and Expected Returns

The Committee determines the strategic asset allocation policy after considering projections of the Fund's assets and liabilities which are calculated by the Fund's investment adviser, in liaison with the Fund Actuary. This asset-liability study examines different combinations of assets to determine which combination will best meet the Fund's objectives.

The asset-liability study takes into account the particular liabilities of the Fund.

In addition to a full specification of the Fund's benefits, the study will make important assumptions about the behaviour of various asset classes (such as their expected return over long periods of time and the variability of those returns) and the liabilities in the future. In framing these assumptions, it is assumed that:

- Equities may be expected to outperform other asset classes over the long term, but the returns are more unpredictable over the short term. Gilts in turn can be expected to outperform cash deposits but with greater variability.
- Asset classes do not perform in the same way; some may go up in value while others are going down.
- The performance of certain asset classes (for example index-linked gilts) is more closely linked to the behaviour of inflation than others and so they represent a good match for liabilities linked to inflation.

Expected annualised returns are formulated for each asset class based on long term capital market assumptions, using ten year expected returns and volatilities. The returns and volatilities used for each asset class are shown in the table below, and represent the 10 year annualised nominal return assumptions from Aon as at 31 December 2020 . These

assumptions are consistent with the assumptions used for the 2021 Investment strategy review.

Asset Class	Absolute Expected Return %	31 December 2020 Relative Expected Return %	Relative Volatility %
Equities	6.2	3.9	17.2
Absolute Return	2.9	0.7	7.0
Property	5.3	3.0	12.3
Illiquid Growth	9.3	7.0	19.2
Illiquid Credit	4.0	1.8	7.3
Liquid Credit (Investment grade)	1.0	-1.2	6.2
Liquid Credit (Non-investment grade)	2.9	0.7	9.8
Gilts	0.0	-2.1	10.8
Cash	0.0	-1.9	1.4

Investment Strategy and Control Ranges

The Fund's strategic asset allocation was agreed by the Pensions Committee in March 2021 as follows:

Asset Class	Allocation	Control Ranges
Total Equities (global, UK and passive)	**50.0**	**45% – 55%**
Absolute Return	**25.0**	**20% – 30%**
Property	**5.0**	**2.5%-7.5%**
Illiquid Growth (infrastructure and private equity)	**12.5**	**10%-15.0%**
Illiquid Credit	**7.5**	**5.0%-10.0%**

* The Fund has implemented an equity derivatives programme with Legal & General Investment Management in order to manage the SCPF's exposure to equity markets over the short to medium term.

Note, moving to the new strategic asset allocation will take some time given the increase in allocation to illiquid assets and while LGPS Central put solutions into place.

Rebalancing Policy

Officers will review the position of the Fund quarterly to ensure the assets are within the control ranges listed above and will rebalance as appropriate. Noting that for illiquid asset classes such as property, infrastructure, private equity and illiquid credit this will take some time.

Risk

The Committee regards 'risk' as the likelihood that it fails to achieve the objectives set out above and has taken several measures, to minimise this risk so far as is possible. The Fund's Risk Register has more information.

In particular, in arriving at the investment strategy and the production of this Statement, the Committee have considered the following key risks:

- asset-liability mismatch risk (asset allocation risk);
- the need to pay benefits when due (cash-flow risk);
- actions by the investment managers (investment risk);
- the failure of some investments (concentration risk);
- currency and counterparty risk;
- custody risk.

Asset Allocation Mismatch

The LGPS (the "Scheme") is a defined benefit pension scheme which provides benefits related to the salary of members. The Scheme is a contributory defined benefit arrangement, with active members and employing authorities contributing to the Scheme.

The value of the Fund's ongoing liabilities is sensitive to various demographic (principally longevity) and financial factors. The financial factors relevant to the Fund's investment policy are:

- the rate of return on assets;
- salary escalation and price inflation for active members;
- price inflation for deferred members;
- price inflation for pensioners.

In terms of magnitude, the Committee considers asset-liability mismatch risk to be one of the most important to control. Therefore, following each actuarial valuation, the Committee conducts an asset-liability review, which focuses on the impact of asset allocation on expected future funding levels. The Committee considers the results using advanced modelling techniques and, with the assistance of expert advisers, are able to measure and quantify them in terms of their definitions of risk. This allows the Committee to assess the probabilities of critical funding points associated with different investment strategies. Consideration is given to the volatility of a number of parameters (e.g. items associated with accounting measures, contributions etc.), to further assess the potential risks associated with a particular investment strategy.

Cash-flow Risk

The Fund remains open to new members and new accruals. Contributions are received from both active members and employers within the Fund. Active members contribute on a

tiered system. Contributions from employers within the Fund are determined based on advice from the Fund Actuary based on the triennial valuation.

The majority of investments held within the Fund are quoted on major markets and may be realised quickly, if required. Certain asset classes, Private credit, Illiquid growth, Property and elements of Absolute Return are relatively illiquid and may take longer to realise, if required. The Fund also receives income from many of its investments.

Investment Risk

The Committee believe the use of active management within the Fund will increase the likelihood that the Fund will meet its objectives. The decision as to whether to pursue active management is evaluated separately for each asset class, with regard to the potential reward within that asset class for taking on active manager risk.

Active manager risk is then diversified through the use of different investment managers and pooled funds.

The Committee also avails of passive management where they believe the extra risk and costs of active management would not benefit the Fund and to manage overall risk.

The Fund's assets are invested in portfolios managed by external investment managers shown in appendix B. They are benchmarked against the indicated indices. Based on expert advice (unless the assets are invested in the LGPS Central Pool in which case this will be delegated to the Pool), investment managers may be replaced at any time and this list may not always be current.

The performance targets for the investment manager(s) are shown in appendix B. Shropshire Council recognises that these targets will not be met in all periods under consideration, but expects that they will be met in the vast majority of long-term periods under consideration. In addition, the return generated on the passive equities is constrained by the equity protection strategy the Fund has in place with Legal & General.

Each investment manager appointed by the Committee (unless the assets are invested in the LGPS Central Pool in which case this will be delegated to the Pool) is bound by the terms and conditions of an Investment Management Agreement where restrictions and targets are clearly documented, including a measure of risk. The pooled fund investments and direct investments are governed by the terms and conditions of the fund and or policy documents.

Frequent monitoring of portfolio performance and exposure characteristics also aids in the ongoing risk management for the Fund (unless the assets are invested in the LGPS Central Pool in which case this will be delegated to the Pool).

Concentration Risk

The split between asset classes has been set to ensure there isn't excessive exposure to any particular asset class or specific risk such as equities or credit risk.

To ensure that asset allocation is sufficiently diversified the Committee considers a full range of investment opportunities including those available through the LGPS Central Pool. In addition investment opportunities outside the pooling arrangements will be considered if they are not already or likely to be available through the Pool, and there are suitable resources to invest in and monitor the investment. These can include contracts related to financial futures or insurance.

Appropriate advice will be sought on alternative asset classes when setting the strategy and as opportunities arise.

Currency and Counterparty Risk

Passive equity investments are fully currency hedged by the investment manager.

Some investment managers may take active currency positions based on their mandates.

The Committee has delegated responsibility for the counterparty risk to the investment manager(s) (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool who may further delegate to investment managers).

Legal & General shall manage the Fund's margin or payment requirements arising in respect of the equity protection strategy.

Custody Risk

The Committee regards the safekeeping of the Fund's assets as of paramount importance and has appointed Northern Trust company as global custodian and record-keeper of the Fund's assets.

Stock Lending

The Fund reactivated its security lending policy with Northern Trust in February 2011, having temporarily paused the lending activity in the period after the collapse of Lehman Brothers. The collateral arrangements for the lending programme have been tightened on advice from Aon, and the programme restarted.

The manager(s) of pooled funds may undertake a certain amount of stock lending on behalf of unit-holders. Where a pooled fund engages in this activity the extent is fully disclosed by the manager (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool).

Monitoring

The Committee monitors the strategy and its implementation as follows:

- The Committee receives, on a quarterly basis, a written report on the returns of the Fund and asset classes together with supporting analysis.
- The performance of the total Fund is also measured against the strategic benchmark, which is comprised of the asset class benchmarks weighted by the strategic allocations, and against agreed outperformance targets.

- The performance of the Fund in each asset class is measured against the relevant benchmark. A comparison against a universe of portfolios with similar mandates will also be made from time to time.

The Officers, in conjunction with the Investment Consultant, will regularly review the allocation of assets between the different asset classes.

Service Provider Monitoring

The Committee reviews from time to time the services provided by the investment adviser and other service providers as necessary to ensure that the services provided remain appropriate for the Fund.

Investment Manager Fees

Investment management fees comprise an ad valorem or fixed base fee element and in some cases a performance based element. The ad valorem fee is calculated as a percentage of assets under management. Where applicable, the performance based element is calculated as a percentage of outperformance. The assessment period ranges from one to three years depending on the investment manager and the mandate. The exact details of the fee arrangements are specific to the investment manager and are as agreed in the respective Investment Manager Agreements or pooled fund documentation (unless the assets are invested in the LGPS Central Pool in which case this will be delegated to the Pool).

5. Policies regarding investments

Social, Environmental and Corporate Governance Considerations

The Committee believes that acting as a responsible investor of the Fund's assets should be fully integrated into investment decision-making. The Committee therefore seeks to ensure that the Fund considers all aspects of responsible investment. This includes investment manager appointments and monitoring, through to discharging the rights and responsibilities of asset ownership, in order to encourage and promote high standards of governance and corporate responsibility, in the underlying companies and assets in which the Fund invests. The Committee believes that ultimately, high standards of governance and corporate responsibility creates long-term value for the Fund and its beneficiaries.

The Committee has developed a Climate Change Strategy and Stewardship Plan. The Committee also reports in line with the Task Force on Climate-Related Financial Disclosures (TCFD) on an annual basis, outlining climate related metrics, risks and opportunities.

Climate Change Strategy

The Fund's Climate Change Strategy aims to identify, understand and assess climate change risks and opportunities across regions and sectors that are material to the Fund. This includes relevant climate-related transition and physical risks and opportunities that are likely to impact the Fund's Investment and Funding Strategy. Strategic actions include but are not limited to:

- Measuring climate-related risks and opportunities through triennial economic assessment of the Fund's asset allocation against plausible climate-related scenarios;
- Assessing material climate-related risks and opportunities, alongside the manager's approach to mitigating these risks as part of the selection and due diligence of new funds;
- Joining collaborations of like-minded institutional investors to collectively lobby for Paris-aligned climate policies and promote engagement through LGPS Central;

This Climate Change Strategy has been established to run for three years from September 2021 to September 2024, but will be reviewed annually.

Climate Stewardship Plan

Whilst the pooling company, LGPS Central, will report to the Fund on engagement activity, the Fund itself plays an active role in monitoring engagements and engaging with LGPS Central for further information if needed. As a result, the Committee focuses on identifying specific investee companies and portfolio managers in which stewardship techniques can be leveraged to further understand and manage climate-related risks within the Fund. In addition, BMO provides a responsible engagement overlay on the Fund's global equity portfolios. BMO enters into constructive discussions with companies on the Fund's behalf to propose better management of the negative impacts they might have on the environment and society in general, in order to improve financial returns.

Throughout the engagement activities carried out by and on behalf of the Fund, coupled with the climate risk analysis as part of TCFD reporting, the Fund has identified investment managers to ensure climate-related risk is fully integrated into their investment processes. The Fund will engage its managers on the following issues:

Asset Class	Topic
Equities	• Stewardship activities with companies identified in the Climate Risk Report • The influence of climate factors on sector positioning
Fixed Income	• Approach to assessing climate risk in the absence of reported GHG emissions data • Engagement with the most intensive carbon issuers • Extent of investment in green bonds
Real Assets	• Physical risk resilience • GRESB participation

The Fund will report on progress annually on its stewardship objectives through its public facing Climate Risk Report. During the annual refresh of the Carbon Risk Metrics analysis as part of the TCFD reporting, the focus list of investee companies and Fund Managers will be reviewed and amended if required.

Industry initiatives

Shropshire Council has signed, as a Tier 1 signatory, to the previous UK Stewardship code and is working towards becoming a signatory of the new UK Stewardship Code ("the Code") .

The principles of the UK Stewardship Code are included in Appendix C for information.

In addition, the Fund is a member of the Local Authority Pension Fund Forum. This is a special interest group of the Local Government Association that exists to promote the investment interests of local authority pension funds. The Forum aims to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest. The Forum issues research and guidance relating to climate change and employment standards and promotes best investment practice for the Local Government Pension Scheme nationally. The Forum regularly engages directly with large companies in this regard and has been effective in improving companies understanding of the requirements of investors.

The Exercise of the Rights Attaching to Investments

The Committee has delegated responsibility for the selection, retention and realisation of investments to the investment manager(s) (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool who may further delegate to investment managers).

The Committee expects the investment managers to take steps to ensure that environmental, social and governance factors are adequately addressed in the selection, retention and realisation of investments as far as such factors may affect investment performance (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool who may further delegate to investment managers).

The Committee supports the principle of good corporate governance. It has reviewed and accepted the corporate governance policies of its investment manager(s) who exercise its voting rights. Votes are cast by proxy. Investment manager(s) provide reports when any

voting rights are exercised (unless the assets are invested in LGPS pooled arrangements in which case this will be delegated to the Pool). Only direct investments in traded equity shares carry such voting rights.

Appendix A

Myners Principles for Institutional Investment Decision Making

Principle	Comply or explain	Comment/Examples
1. Effective decision making ▪ Administrating authorities should ensure that: ▪ decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation ▪ Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest	Comply	Pension Committee takes decisions relating to setting investment objectives and strategic asset allocation, appointment of investment managers. Pension Committee members, substitute members and Officers participate in an annual training day, attend educational seminars and receive occasional papers and presentations at committee meetings. The training requirements of new Pensions Committee members are addressed and appropriate training programmes made available, with a formal Training Programme being submitted to the Committee for consideration on an annual basis.
2. Clear Objectives ▪ An overall investment objective should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers and the attitude to risk of both the administrating authority and scheme employers, and these should be clearly communicated to advisors and investment managers	Comply	A Fund specific investment objective is set to maintain a funding level at, or close to 100% and within this, to endeavour to maintain low and stable employers contribution rates. As set out in the Funding Strategy Statement, the actuary takes account of a range of factors on the Fund's liabilities in setting contribution rates as part of the valuation process. Performance and risk parameters are specified in relation to relevant indices and appropriate time periods and are set out in investment mandates.
3. Risk and liabilities ▪ In setting and reviewing their investment strategy administrating authorities should take account of the form and structure of liabilities. ▪ These include the implications for local tax payers, the strength	Comply	Asset/Liability review is carried out every three years and the actuary takes account of a range of factors on the Fund's liabilities as set out in the Fund's Funding Strategy Statement which addresses the issues of financial assumptions, longevity and strength of covenant. If required, the actuarial funding position can be reported to the Pensions Committee on a quarterly

of the covenant for participating employers, the risk of their default and longevity risk		basis, using information provided by Aon.
4. Performance assessment ▪ Arrangements should be in place for formal measurement of performance of the investments, investment managers and advisors ▪ Administrating authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members	Comply	The Officers have an independent performance measurer in place. They also receive regular updates from Aon regarding managers and the Officers meet regularly with their managers and advisors to review their performance. The Fund has recently assessed its effectiveness as a decision-making body and aims to spend more time on strategic level and asset allocation decisions compared to meeting managers going forwards.
5. Responsible ownership ▪ Administrating authorities should ▪ Adopt or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents ▪ Include a statement of their policy on responsible ownership in the statement of investment principles ▪ Report periodically to scheme members on the discharge of such responsibilities	Comply	The Investment Strategy Statement includes a statement on responsible ownership. An independent advisor is appointed to engage with companies on socially responsible issues and voting at company meetings is affected through the Fund's investment managers.
6. Transparency and reporting ▪ Administrating authorities should ▪ Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives ▪ Provide regular communication to scheme members in the form they consider most appropriate	Comply	A range of documents are published relating to the Fund's investment management and governance including the Governance Compliance Statement, Funding Strategy Statement, Investment Strategy Statement, Communication Policy Statement and Annual report and accounts. These documents are available in full on the Fund's website and any amendments are published. Stakeholders are also invited to attend the annual meeting of the Fund.

Appendix B

Investment manager mandates

Investment Manager	Asset class	Benchmark	Target
	Active portfolios		
PIMCO Europe Ltd	Absolute Return (Bonds)	1 month Sterling SONIA	+2% p.a.
BlackRock	Absolute Return (bonds)	*3 month US Govt T-Bills hedged to GBP*	+ 4% p.a.
T. Rowe Price	Absolute Return (bonds)	3 month Sterling SONIA	+ 3% p.a.
BMO	Liability Driven Investment (LDI)	Hedge Benchmark (based on typical pension fund's liability profile)	Outperform the benchmark
Majedie Asset Management	UK Equities	FTSE All Share	+2% p.a. over rolling 3 year periods
LGPS Central	Global Equities	MSCI All Country World NDR	+ 1.5% p.a. over rolling 3 year periods
Harbour Vest Partners Limited	Illiquid Growth – private equity	Broad public equities index	+ 3% p.a.
Global Infrastructure Management	Illiquid Growth - infrastructure	CPI	+ 5% p.a.
LGPS Central	Illiquid Growth - infrastructure	CPI	+3.5%
Aberdeen Property Investors	Property	Composite of INREV VA Europe Index, vintage 2005 – 2008 and IPD UK All Balanced Funds Index	match benchmark
BlackRock	Absolute Return (hedge funds)	3 month Sterling SONIA	+4% p.a.
DRC Capital	Illiquid Credit	n/a	Absolute 6.0% p.a.
LGPS Central	Illiquid credit	n/a	Absolute 6.0% p.a.
Securis	Absolute Return (Insurance Linked Securities)	*3 month US Govt T-Bills hedged to GBP*	+5.0% p.a.
	Indexed (Passive) Portfolios		
Legal & General Investment Management	Global Equity	FTSE Developed World – GBP Currency Hedged	Match benchmark*

* The Fund has implemented an equity protection programme (using derivatives) with Legal & General Investment Management in order to manage the SCPF's exposure to equity markets over the short to medium term.

Note some of these manager mandates will be reviewed following implementation of the new investment strategy and once LGPS Central have solutions in place.

Appendix C

Principles of the UK Stewardship Code

UK Stewardship Code 2020 consists of 12 Principles grouped into 4 areas, namely:

- Purpose and Governance;
- Investment Approach;
- Engagement;
- Exercising Rights and Responsibilities.

Purpose and Governance

1. Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
2. Signatories' governance, resources and incentives support stewardship.
3. Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
4. Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
5. Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Investment Approach

6. Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
7. Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
8. Signatories monitor and hold to account managers and/or service providers.

Engagement

9. Signatories engage with issuers to maintain or enhance the value of assets.
10. Signatories, where necessary, participate in collaborative engagement to influence issuers.
11. Signatories, where necessary, escalate stewardship activities to influence issuers.

Exercising right and responsibilities

12. Signatories actively exercise their rights and responsibilities.

Committee and date Pensions Committee 17 September 2021 10.00am	Item 14 Public

PENSIONS ADMINISTRATION MONITORING REPORT

Responsible Officer: Debbie Sharp
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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, and;

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

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

Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

4. Performance and Team Update

4.1. The team's output and performance level to August 2021 is attached at **Appendix A**. The chart reports on tasks, either single standalone tasks or tasks that are part of a process. A process holds steps (tasks) for a procedure to be completed. The chart shows that outstanding processes have very slightly increased during the last quarter and outstanding task overall have risen. This trend is also reflected in the number of cases processed over the quarter as this have slightly decreased. The summer quarter is a very busy time with the annual benefit statement project, annual allowance tax checks being undertaken and staff taking leave.

4.2. Five permanent staff vacancies have recently arisen within the team. Four of these are new posts and one is due to a resignation. The team are advertising the vacancies at present and hope to fill these vacancies quickly.

4.3. The team has provided data to the scheme actuary for work to be undertaken on an interim valuation. The next full scheme valuation is due to take place in 2022/2023, as at 31 March 2022.

4.4. Year-end data cleansing was completed by 30 June 2021 following the month 12 submissions from employers. This is done ahead of annual bulk job runs such as annual allowance checks, CARE revaluation and annual benefit statements. Employers are required to submit two year-end forms, giving a reconciliation of contributions deducted and paid over and a compliance statement. The legislative deadline for receiving all year-end forms is 30 June 2021, two employers didn't meet this date, but all forms have since been returned.

4.5. The team will be trialling a new reporting tool offered by the pension's administration software supplier, Heywood. The existing reporting functionality is 20 years old and proving to be quite limited compared to this new tool called Insights. It does come with an additional cost but is receiving good uptake from other funds. The team will test the set functionality, as well as bespoke reporting functionality. It also promises to provide various dashboards for real time data analysis.

5. Help Desk Statistics

5.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system and reported with the wider team statistics in **Appendix A**. From April 2021, investigation work is being undertaken to identify the additional workload being created through assisting members with 'My Pension Online'; dealing with activation key requests and dealing with member updates. Statistics below, from April, also now include the number of opt out requests each month. More effective reporting of the number of calls received to the general helpdesk number is available due to a change in the telephone system from January 2021.

	May 2021	**June 2021**	**July 2021**
Telephone calls received to helpdesk team	824	894	870
% of calls answered	93%	93%	94%
Emails received to pensions@shropshire.gov.uk	766	807	876
% of emails responded to within 3 working days	100%	100%	100%
My Pension Online activation keys issued	73	89	109
Member updates made through My Pension Online	667	652	999
Opt out requests directly dealt with by helpdesk	21	27	7
Incoming post received and indexed to the pensions administration system	2,457	2,988	2,884
1-2-1 video appointment's held with scheme members	32	30	36
Users visiting the website	2,116	2,194	2,522

6. Communications and Governance

6.1. The fund monitors member take-up of its online area member self-service (MSS), known by members as 'My Pension Online'.

The annual benefit statements for both active and deferred members are available to view on 'My Pension Online' unless a member has requested a paper copy. As at August 2021, a total of 47% active members, 37% of pensioners and 39% of deferred members were registered to view their records on 'My Pension Online'.

6.2. Members are reminded that the employers meeting is due to take place on 22 November 2021. It will include an update from the fund actuary on the interim fund valuation and their initial thoughts regarding the next triennial valuation as at 31 March 2022, as well as an update on data and the McCloud project.

6.3. The fund issued annual benefit statements to both active and deferred members by the statutory deadline of the 31 August 2021. A total of 33,463 statements have been produced. 15,115 actives and 18,348 deferred statements were released to 'My Pension Online'. 209 active and 344 deferred statements were issued in paper format. Seven active statements were unable to be produced, due to an error within the pensions administration system. Accompanying notes and a newsletter were produced collaboratively with other LGPS funds in a project led by Shropshire. Both the notes and newsletter were qualified for the Plain English Crystal Mark.

6.4. In total, 6,606 deferred members and 7,870 active members have an email address on their pension record and received an email informing them that their benefit statement was available. The open rate of the deferred member email was 67% and 58% for active members. To ensure more members can receive the email notification, further work is required to obtain more email addresses for scheme members in the future. Scheme employers have also been asked to notify all their active LGPS members that their statement is available.

6.5. A pensions tax information session has been organised with the fund's actuary, Mercer, to provide information to scheme members on annual and lifetime allowance tax limits. The webinar will take place on Friday 8 October 2021 for individuals nearing or breaching the current HMRC limits. A further one to one guidance session is planned for members requiring more information on the limits and protections available. The webinar and guidance sessions will be for information purposes only and no formal advice will be provided. Members will need to purchase this for themselves.

6.6. Under regulation 61 of the LGPS Regulations 2013, an administering authority in England and Wales must set out in a written statement its policy concerning communications with

various people (such as members and employers). In particular, the statement should set out the authority's policy on providing information and publicity about the scheme (including the format, frequency and distribution method). Where the authority's policy materially changes, it must revise its statement. Due to the COVID-19 pandemic, officers have reviewed the current version of the policy dated March 2020 and updated the policy to reflect any changes to the fund's communication practices. Members are asked to approve with or without comment the updated policy which can be found at **Appendix B**. The main changes to the policy are to reflect the changes to the communication service provided now that virtual meetings have increased to facilitate the team's communication with scheme members and employers. It is expected face to face meetings will recommence in future, when appropriate.

7. Employer performance

7.1. 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.

	May 2021	June 2021	July 2021
i-Connect data	94%	98%	99%
Monthly contributions	98%	96.5%	95%
Monthly deficit	98%	95%	98%

8. Cyber security

8.1. The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension funds must follow to make sure they have good cyber security. Shropshire County Pension Fund takes data security very seriously and works closely with Shropshire Council's IT team and any companies providing pensions software to confirm that the systems holding personal data are protected.

8.2. There is no current data available from Shropshire Council's IT team regarding the number of cyber-attacks for the last quarter.

8.3. Over the last quarter, the pensions team have been asked to undertake cyber security training through the Shropshire Council's Leap into Learning portal. This is mandatory training that must be renewed annually.

8.4. One of the fund's consultants have issued a "scorecard" to help funds assess their cyber resilience. Further engagement is being undertaken over the rest of this financial year in this area.

9. Minor amendments to Fund policies

9.1. In August 2021, two fund policies; the Employer Events Policy and the Funding Strategy Statement required minor amendments and were accepted and authorised by the Pensions Committee Chair through the urgency procedure. The previous versions of these policies were approved at the June 2021 committee, however, following advice from the actuary there were some minor amendments required but no change to the fund's approach within these policies. Amendments were made to clarify the points being made and the fund's default position following the exit of a scheme employer. The updated Employer Events Policy can be found at **Appendix C** and the Funding Strategy Statement at **Appendix D**.

10. Pensions dashboard

10.1. As previously reported, the Pensions Scheme Act 2021 provides the legal framework for Pensions Dashboards to introduce the requirement for UK-based pension providers and schemes (or those operating on their behalf) to supply data to the pension's dashboards program.

10.2. AS previously reported to support preparations, fund officers have input into a 'call for input' from data providers, which was organised by the Local Government Association. Shropshire Council's IT team were consulted with, to aid the fund's response to the questions raised, with the focus being on data security and IT infrastructure requirements. At present there are still a lot of unknowns for Pension providers around the provision of benefit data to the dashboards and the costs that the fund will incur to do this. Officers are attending any webinars that the Money and Pension Service run to improve their understanding of the expectations on the fund by the government.

10.3. To help pension schemes understand the requirements a paper has been produced by AON providing an overview of Pensions

Dashboards and the impact upon Public Service Pension Schemes. This document can be found at **Appendix E**.

11. Prudential service performance

11.1. The fund has been notified by Prudential that members with additional voluntary contribution (AVC) arrangements may be experiencing some delays in the processing of investments and claims. Prudential has taken action to ensure that where an investment of contributions has been delayed, the date of processing reflects the date of receipt, rather than the date the processing occurs. This ensures that AVC scheme members are not disadvantaged by the delay. Prudential has also put in place a service recovery plan and is increasing resources to bring service levels back to normal. Prudential has also informed the fund that unfortunately there will be a timing impact on the production of annual AVC statements and year end accounts this year, with delays expected of at least eight weeks. A meeting has recently taken place with a representative from the Prudential to discuss the service issues experienced by the fund.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Pensions Committee Meeting 26 June 2021 Pensions Administration Report
Cabinet Member (Portfolio Holder) N/A
Local Member N/A
Appendices Appendix A – Performance Chart Appendix B – Communications Policy Statement Appendix C – Employer Events Policy August 2021 Appendix D - Funding Strategy Statement August 2021 Appendix E – Public Sector: Pensions Dashboards

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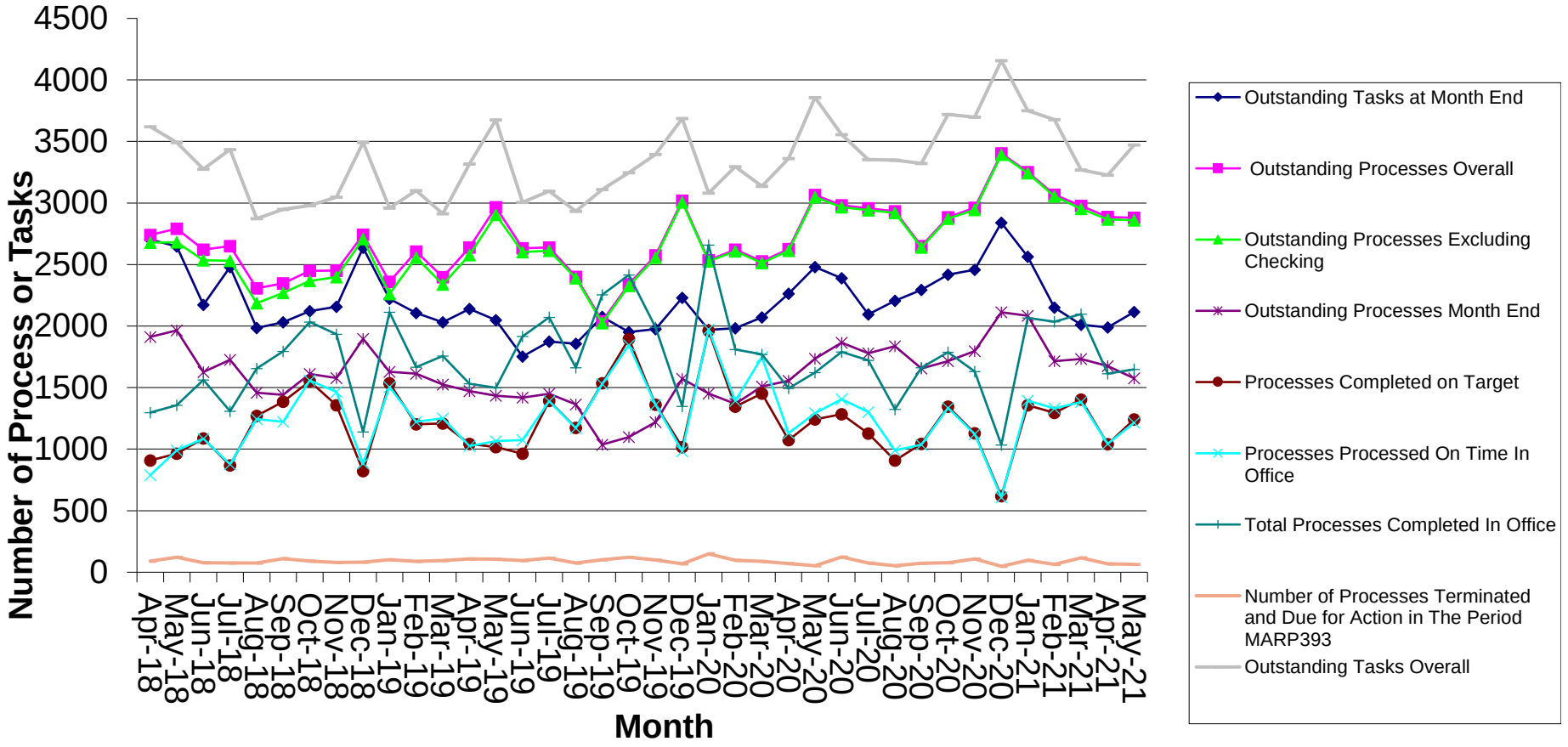
Appendix A

Process and Task Statistics



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SHROPSHIRE COUNTY
PENSION FUND

COMMUNICATIONS POLICY STATEMENT

Introduction

This statement has been prepared in accordance with Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013 by Shropshire County Pension Fund (the 'fund'). It sets out its communications approach with scheme members, employers and other interested stakeholders.

The fund deals with over 211 employers and over 47,500 scheme members made up of contributing members, deferred members, and retired members in relation to the Local Government Pension Scheme (LGPS).

The main aim of the Shropshire County Pension Fund is to provide members and employers with an efficient pension administration service providing secure pension benefits which have been worked out accurately and paid on time. Timely and clear communication with both members and employers plays a key role in helping employers meet their statutory obligations and helps members' plan their retirement.

The fund designs and delivers communications to scheme members and employers in a way that makes sure they can understand the LGPS. Information should be clear and simple to understand, as well as being accurate and easily accessible. It is important that members can understand their pension arrangements and make informed decisions when needed and employers understand their statutory responsibilities.

The Pensions Team work to maintain a thorough knowledge of the regulations to keep the confidence of its members. The Pensions Team should always be the first-place staff members turn to for LGPS pension information during their working life and in retirement.

The fund also takes part in several national groups, with the aim of sharing best communication practices. The Joint Communications Group allows the fund to work with other Local Government Authorities, giving group members the chance to share communication resources and develop joint projects, such as newsletters and member guides. The fund is also part of the Local Government Pensions Committee (LGPC), which publishes national communication material.

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Principles of communication

The fund has adopted five key principles that supports all its communication. The fund is committed to making sure:

- Communication is factual and presented in plain, easy to understand language.
- Communication is designed in a manner appropriate to its audience.
- Communication is issued in a timely manner.
- Communication keeps up with the developments and improvements in new technology.
- Communication is planned, co-ordinated and reviewed.

The fund is 'digital by default' unless a member requires the information in a paper format. Digital communication is used by the fund to deliver scheme information, increase member engagement and to give regular updates to employers. It can help meet member demand and expectation to regularly access pension information. It can also reduce the fund's environmental footprint by decreasing paper and printing usage. When information is asked for in paper format, a sustainable printing service will be used.

The fund makes every effort to make communication materials available in other formats such as large print, braille, audio tape and different languages, if requested.

The Local Government Pension Scheme is a desirable benefit for attracting employees to work in local government. For employers, it is a key part of their recruitment and retention package. The fund is also the last, and often the only, link between former staff members and their employers. The fund therefore has an important role in making sure effective communications continue even when members have left employment, have a deferred pension, or a pension in payment. The fund keeps in touch with all members and if contact is lost (for example, if a member has moved and not told the fund), a tracing exercise can be carried out to find the member and update their personal details.

The Pensions Team are committed to responding quickly to member requests for information. Information is given within set internal and regulatory timescales taking into consideration The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and other overriding legislation. The turnaround time for dealing with requests is normally ten working days.

When a request for information has been made, an acknowledgement receipt will be given. If it is going to take longer than ten days to provide the information, members will be told when they are likely to receive it.

How the fund communicates

Scheme literature
A wide range of scheme literature is produced and updated by the fund for both members and employers. Copies are available on the fund website and can be provided in paper format upon request. All paper and electronic guides are made using similar branding and include full contact details for the Pensions Team. The fund has scheme guides which cover the scheme benefits, who is eligible and retirement options. Both new and prospective members are provided with basic information about the LGPS, such as how benefits are worked out, how member and employer contributions are calculated etc via the scheme guides.

One-to-one meetings
For members who require a one-to-one meeting communication, appointments can be made with a member of the team. Virtual meetings will be encouraged but face to face meetings can be attended, depending on venue availability, and must be booked in advanced. The fund will organise one-to-one meetings at employer workplaces periodically. Employers can also ask for one-to-one meetings, but these requests will be considered depending on location and member interest.

Helpdesk
The fund has a dedicated helpdesk which deals with all the incoming post, emails and telephone calls. The helpdesk contact details are published on all scheme literature. The helpdesk telephone number is 01743 252130 and email address is pensions@shropshire.gov.uk

The helpdesk is open from 8.45am to 5.00pm Monday – Thursday and 8.45am to 4.00pm on Friday. During team meetings and busy periods an automated answering service will be in place.

All fund officers also have a direct telephone number and email address should they need to be contacted directly.

Website
The fund has a website, www.shropshirecountypensionfund.co.uk, which holds most of the scheme information including copies of scheme literature, policies and annual reports. There is a latest news page which is used to keep members up to date. There is also a news page on the employer's area of the website specifically aimed at employers. The website has been adapted to make sure it is accessible to view on electronic devices such as tablets and mobile phones. The website has been developed in line with accessibility standards and has a published compliance statement.

My Pension Online
A secure online portal gives members access to their pension record. The facility provides members with the opportunity to update their personal details, view annual benefit statements and perform benefit projections, as well as change death grant nominations. Members in receipt of a pension are also able to change bank details, check their annual pension and view monthly payments. The online system can be accessed via the fund's website homepage.

Material changes to the scheme
The fund will inform members when any material changes are made to the LGPS via the website, email alerts or newsletter unless a paper notification has bene requested. This information is normally given as soon as possible after the change takes effect, but in any event within three months after the change.

Email alerts
The fund asks all members for an email address, so they can be contacted by the fund with the latest scheme news.

Presentations
The fund delivers standard or tailored presentations on a wide range of pension topics for both employers and members around the county. These presentations are provided by fund staff at the request of employers, or organised by the fund, at geographically convenient locations or using virtual meeting technology. Presentations keep members informed of any changes that may affect their benefits.

Newsletters
'Pension update' is the fund's in-house newsletter for active and deferred members and is sometimes produced as a collaborative project with other funds. This newsletter is issued periodically and aims to provide topical news articles and the latest information about the scheme and pensions in general. The newsletters are usually issued via email and published on the fund website.

InTouch is the fund's in-house newsletter for retired members. The newsletter is a useful way of providing updates on relevant changes in legislation, topical news and member articles.

Annual report, accounts & meeting
The annual report is a statutory financial reporting document showing the funds accounts over the previous twelve months, along with details on both investment and administration performance. Members and employers are notified when the report has been published via email and the news pages of the Fund website.

Annual update
Members and employers will be provided with information annually from the fund's management team on the latest fund news. Information will be provided either through an in-person meeting or via a webinar or video update. Information covered will be scheme benefit changes, valuation position and how the fund considers economic, social and governance issues with its investments.

Videos
When needed, the fund uses short videos to help explain the scheme.

Annual benefit statements
It is a statutory requirement to provide annual benefit statements to both active and deferred members. annual benefit statements are issued via My Pension Online, unless a paper copy has been requested. The statements include various pension details such as the current value of benefits, how they are calculated and when they become payable. The format of the statement is continually reviewed to provide members with the required statutory information in a clear and concise manner. Statements for active members must be issued by the 31 August each year and members are notified via email when statements become available to view.

Pension savings statement
A Pensions Saving Statement will be supplied to a member by the 6 October each year if their pension savings in the fund, during a pension input period, are more than the annual allowance limit.

Active members - new starters
When eligible members are enrolled into the scheme, the employer is instructed to provide basic scheme information by issuing a scheme booklet either in paper format or via a link to the fund website. The fund also provides basic scheme information to new starters following a new employment notification. The fund produces a brief scheme guide on the Local Government Pension Scheme. This should be provided by scheme employers to all new employees as part of their letter of employment, terms and conditions – some employers choose to email this to new employees.

Retirement process booklet
All active members on reaching retirement receive a comprehensive booklet providing information on the scheme and the retirement process.

Corporate induction courses
Officers of the fund are invited to attend, or to contribute to, employer corporate inductions (including e-learning) for prospective members or new joiners.

Promotional campaigns
The fund periodically produces dedicated marketing literature that is sent to those who choose not to join or opt to leave the scheme. This literature promotes the benefits of having an occupational pension and gives members who have opted out an option to re-join the scheme.

P60 notification
Each member receiving a pension will have a P60 issued each year by the statutory deadline of 31 May.

Pension increase notification
Following the publication of a Pensions Increase (Review) order, the fund will adjust the relevant pensions in payment according to the order and make available the new annual pension amount to the member.

Existence checks of retired members living abroad
The fund will, when appropriate, undertake to establish the continued existence of pensioner members living abroad.

Other employer communications
The increasing role of communication within all organisations means that more employers have staff newsletters, intranets and other communication facilities. The fund actively works to provide their employees with the best information and opportunities regarding the scheme and often provides information to be made available on intranets and websites.

Employer specific communications

New or prospective employers
Scheme information is given to all new and prospective scheme employers via information booklets or the employer's areas on the fund website.

Employer meetings & training sessions
Meetings and training sessions are arranged for employers on a regular basis and will be delivered either in person or using virtual meeting technology. They are used to communicate issues with employers. For example, benefit regulation changes, administration changes, employer contribution rates and the funding level of the fund at each actuarial valuation.

Employers' guide
An employers' guide is available to all employers, explaining the processes, procedures and forms needed to effectively discharge their pension administration responsibilities. The employers' guide is held on the employers' area of the website www.shropshirecountypensionfund.co.uk

Employers bulletins
Regular email bulletins are sent to all employers who are registered contacts. These emails aim to tell employers about the latest news, issues, events and regulatory changes. The bulletin is also used to communicate any consultations about policy and regulations.

Monthly data requirements and end of year procedure
Employers must send monthly data to the Pensions Team for their scheme members to make sure their pension record is accurate. Employers in the fund must use a "middleware" facility called I-Connect that helps the fund and employers by improving the flow of member data from employers to the fund, minimizing the risk of fines from the Pension Regulator by ensuring data is regularly supplied. The cost of this system is met by the fund. Guides for using I-Connect are published on the employer's area on the fund website.

Each year employers must to submit a year end return and compliance statement. Employers are contacted towards the end of the financial year with the year-end template, forms and instructions for completion.

Webinars
Webinars are used to give information to employers without them having to travel for meetings. Employers can learn from the comfort of their desks and ask questions while the presentation is taking place. Webinar content varies depending on feedback received from employers and target specific topics where they feel they lack knowledge. Webinars can also be recorded and sent to employers who were unable to attend.

Reporting breaches
The fund has a reporting breaches policy and procedure. This makes sure anyone responsible for reporting and whistle blowing can find, assess and report (or record if not reported) a breach of pensions law. All potential breaches of the law are recorded by the fund and the scheme employer informed that it has been recorded as a breach. Each employing authority must choose a named individual to act as the main point of contact about any aspect of administering the LGPS. If an employer has built up multiple recorded breaches, the main contact will be told and asked to help resolve any outstanding issues and reduce the risk of reoccurrence.

Governance and communications

Pension Committee
The Pension Committee is made up of member representatives, employing authorities, trade union representatives and a retired member representative. The committee has an ongoing training programme for members and officers to ensure that decision making is on an informed basis. Training forms part of the quarterly committee meeting.

Knowledge building and training is provided via the fund's officers, advisors and external training courses. Pension Committee reports are available on the council's website www.shropshire.gov.uk and by following the link for 'Committees, meetings and decisions' and on the 'Pension Committee' page on www.shropshirecountypensionfund.co.uk

Pensions Board
Under the LGPS Governance Regulations 2015, a Pension Board was introduced on 1 April 2015 to ensure effective governance and administration of the Scheme.

The Local Pension Board is responsible for assisting Shropshire Council, the Scheme Manager, to secure compliance with:

- The Local Government Pension Scheme Regulations;
- Any other legislation relating to the governance and administration of the Scheme, and;
- Requirements imposed by The Pensions Regulator in relation to the Scheme and to ensure the effective governance and administration of the Scheme.

The Pension Board consists of an equal number of employee and employee representatives. Training forms part of the Pensions Board meeting.

Pension Board reports are available on the council's website www.shropshire.gov.uk and by following the link for 'Committees, meetings and decisions' and on the 'Pension Board' page on www.shropshirecountypensionfund.co.uk

Surveys and self-assessments of the knowledge and skills of both the Pensions Committee and Pensions Board members are regularly undertaken. More information can be found in the Training Policy.

Management team
The Scheme Administrator (s 151 officer) is responsible for the Pensions Administration Team and the Pension Investment Team. The Pensions Management Team meets on a weekly basis to discuss items in relation to the running of the team and regulation changes. It comprises the Pensions Administration Manager and Team Leaders. A similar monthly meeting is held between the Head of Treasury & Pensions, the Pensions Administration Manager and investment staff. Any items raised from such meetings can be escalated to the Scheme Administrator.

Team meetings
Team meetings involving all staff are held monthly. Notes of all meetings and items arising from such meetings are passed through to the Head of Treasury & Pensions and to the Scheme Administrator, if necessary.

Training
The fund seeks to continually improve the ability of staff to communicate effectively and to understand the importance of good communication. Both general and pension-specific training is provided to all staff as part of the fund's commitment to staff development. This includes the Public Sector Pension Scheme modules on the Pensions Regulators online e-portal. The fund conducts performance appraisals for its entire staff. The fund's training requirements are documented in the Training Policy held on the fund website.

Intranet and email
Each member of staff has access to email and a storage drive which contains electronic copies of many of the key documents, procedures, minutes and circulars.

Policy documents
All the fund's approved policies can be found on the website www.shropshirecountypensionfund.co.uk.

Communication with other bodies

Mercer (*Pension Fund Actuary*)
The fund performs an actuarial valuation as required by the regulations. The actuary also deals with interim valuations when needed and gives information and advice about a range of issues affecting the fund. These issues include dealing with new and ceasing employers, bulk transfers and regulatory changes.

Legal advice
The fund obtains legal advice from Shropshire Council as appropriate on benefits administration and investment matters. External legal advice is also obtained as and when required.

Ministry of Housing, Communities and Local Government (MHCLG)
The fund communicates with the MHCLG while in consultation on proposals for change to the scheme regulations or any other legislation matters.

Trade unions or member representatives
The Fund liaises with trade unions or other member representatives to ensure that details of the LGPS availability are brought to their members' attention and assist in providing information, in circumstances such as negotiations under TUPE, to make sure, whenever possible, continued access to the LGPS. The fund works with the trade unions to check the scheme is understood by all interested parties. The fund ensures that all pension-related issues are communicated effectively with the trade unions through representation on the Pensions Committee or via member representatives on the Pensions Board.

Press & media
The fund, in conjunction with the council's communications unit, actively engages with the press and other media organisations in order to ensure clarity, facts and fair representation.

Shrewsbury Regional Pension Officer's Group *(SPOG)*
The Shropshire County Pension Fund *(SCPF)* hosts the Shrewsbury Pension Officers Group which meets on a quarterly basis. The group, comprised of a number of local authority funds, discuss technical queries and legislation matters of common interest.

National working groups
The fund is involved at national level in an LGPS technical officer group, Local Government Association (LGA) communications working group and LGPS Central Strategic Administration group.

Joint working with other pension funds
To reduce costs and share best practice, the fund leads on collaborative working with other pension funds. Representatives from each fund meet quarterly to discuss communications issues.

Investment Practitioner Group
The fund has an active involvement in the Investment Practitioner Group for the region where common investment issues between funds are discussed.

Software provider group
Members of the team attend user group meetings with the pensions administration software provider, to make sure the administration system can deal with regulation changes when they happen, and to discuss how the system is used on a day-to-day basis.

How communication is measured

Surveys
Surveys are issued to members periodically with various correspondences, including retirements and benefit quotes. Surveys are also published to the website and via email. This allows the fund to evaluate the service provided. Survey responses are collated and reviewed at regular intervals when running a satisfaction exercise.

Employer satisfaction survey

A survey is given to employers, periodically to allow the fund to review the service and methods of communication provided to employers. The responses are collated and used to identify any employer requirements and possible areas for improvement.

Compliments, complaints and comments
Any compliments, complaints or comments made in letter, e-mail or verbally, are recorded. The fund aims to always learn from the feedback received and to make improvements to the service.

Data Protection

Data Protection Act
The fund is required to hold and keep a record of certain information on scheme members which is needed to administer the fund. The fund is a data controller under the Data Protection Act 2018 and is required to protect the information it holds about scheme members and communicate the legal basis for holding, storing and using the information. The fund has published a summary and full privacy notice for scheme members and employers. Statements on 'how we use your data' are published on documentation supplied to scheme members.

The fund is committed to keeping member data safe and uses Shropshire Council's policies on information sharing. Pension benefits information can only be provided directly to the scheme member and cannot be requested by a third-party. Information shared with employers will only be supplied when necessary and via a secure portal or email encryption. Further information can be found in the fund's full privacy notice.

All fund officers are required to undertake annual 'Protecting Information' training.

Dealing with freedom of information requests
The Freedom of Information Act (FOI) means that members of the public and organisations have rights of access to information held by public bodies. Requests for information under the Freedom of Information Act or similar legislation should be sent to: information.request@shropshire.gov.uk

Fund publications				
Document	**Issued**	**Aimed at**	**Availability**	**Reviewed**
Brief scheme guide	Upon notification of a new employment/ when requested	All members	Paper on request/ website	Annually and as regulations change
Retirement process booklet	With retirement forms	To retiring active members	Paper/ website	Annually and as regulations change
Thinking of retiring- guide for active members	To active members when required	Active members	Website	Annually and as regulations change
Thinking of retiring- guide for deferred members	To deferred members when required	Deferred members	Website	Annually and as regulations change
Leaving before retirement booklet	As required	Prospective Deferred Members	Website	Annually and as regulations change
Topping up your pension guide	As required	Active members	Paper on request/ website	Annually and as regulations change
Internal Dispute Resolution Procedure (IDRP) booklet	As required	All members and employers	Paper on request/ website	Annually and as regulations change
Divorce booklet	As required	All members	Paper on request/PDF on website	Annually and as regulations change
Annual benefit statements	Annually by 31 August	Active/deferred/pension credit	Paper on request /online via My Pension Online	Annually
P60	Annually by 31 May	Pensioner members/dependents	Paper	Annually
Pensions increase notification	Annually	Pensioner members	My Pension Online	Annually
Monthly pension payment confirmation	Monthly	Pensioner members/dependents	My Pension Online	Monthly

Annual report	Annually in line with regulations	All stakeholders	Paper upon request/website	Annually
Members newsletter	As required	Active/deferred members	Paper when requested/on website	As regulations change/when required
InTouch-pensioner newsletter	As required	Retired members	Paper/website	As required
Valuation report	Every three years	Employers/ all stakeholders	Website	Every three years
Investment strategy statement	Continuously	All members/ stakeholders	Website	As required*
Governance compliance statement	Continuously	All members/ stakeholders	Website	As required*
Administration strategy statement	Continuously	Scheme employers	Website	As required*
Funding strategy statement	Continuously	Employers	Website	Every three years
Reporting breaches policy	Continuously	All stakeholders	Website	As required*
Training policy	Continuously	All stakeholders	Website	As required*
Employer events policy	Continuously	All employers	Website	As required*
Communications policy statement	Continuously	All stakeholders	Website	As required*

*At least every three years

Fund meetings, presentations and training				
Event	**Frequency**	**Available to**	**Availability**	**Reviewed**
Annual update	Annually	All members/ employers/ Fund managers	Virtual meeting / Face-to-face/ video on website	Annually
Workplace presentations	As required	Prospective/active members	Face-to-face or virtual meeting	As required
Induction presentations	When requested by employer	Prospective members	Face-to-face or virtual meeting	As required
Employer meetings and training	As required	Scheme employers	Face-to-face/ webinars/videos on website	As regulations change/as required

Other fund communications				
Method	**Frequency**	**Available to**	**Availability**	**Reviewed**
Website	Continually	All stakeholders	Online	Continuously
Help desk	Within office hours	All members/ employers and all other stakeholders	Face-to-face (if available) or virtual meeting appointment/ telephone/ paper correspondence /email	N/A
Email alerts	As required, when there is a significant website update /event/ regulation change	All members/ employers	Email	As required
Pension consultations	As required	Active members	Face to face (if available) or virtual meeting	As required
New starter letter	Monthly	Active members	Paper	As regulations change/as required
Encouraging new members campaign	When required	Prospective eligible members	When required	When required
Existence checks of pensioners living abroad	As required	Pensioner members	As required	As required
Service quality survey	Continually	Active/ deferred/ retired members	Paper/ email	As required
Employers guide including forms	As required	Employers	Website	As regulations change/ as required
Employers email bulletin	As required	Employers	Email alerts	As regulations change/ as required
Employer satisfaction survey	As required	Employers	Paper/online survey	As required

Contact details

If you can read this but know someone who cannot, please contact us on (01743) 252130 so we can give this information in a more suitable format.

If you want to contact us, please contact our pension helpdesk.

Office Hours:
Monday- Thursday 8.45am -5.00pm
Friday 8.45am - 4.00pm

Postal address: Pensions, PO Box, 4826, Shrewsbury, SY1 9LJ

Email: pensions@shropshire.gov.uk
Tel: 01743 252130
Web: www.shropshirecountypensionfund.co.uk

Administered By

Shropshire County Pension Fund

Employer Events Policy

To be approved by the Pensions Committee on the 17 September 2021

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1. Introduction

This Employer Events Framework policy document has been prepared by Shropshire Council acting in its capacity of Administering Authority of the Shropshire County Pension Fund ("the Fund"). All terms and definitions are as set out in the Local Government Pension Scheme Regulations 2013 (as amended) ("the 2013 Regulations") and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the 2014 Transitional Regulations") (collectively; "the Regulations").

The purpose of this document is to describe the various "life stages" of an employer that participates in the Fund. It summarises the events and possible outcomes from those events right through until it withdraws from the Fund. Whilst the Administering Authority reserves the right to treat each case on its merits, this document sets out its primary policy position.

All key staff at current and prospective employers should review this policy document and appraise themselves as regards their own employer's position, including the potential financial and operational implications.

Any questions or queries arising from this policy should, in the first instance, be directed to:

Debbie Sharp

Pensions Administration Manager
debbie.sharp@shropshire.gov.uk

2. An LGPS Employer's Lifetime

In order to provide some context to this Employer Events Framework, set out below are the major stages of an employer's lifetime within the Local Government Pension Scheme.

Senior staff at each employer should familiarise themselves with these high level stages. Depending on the specific circumstances applying to an employer at each stage, there will be associated operational and financial implications as regards its interests with the pension fund.

Joining the Fund

- Legal admission agreements entered into as required. Where applicable, a copy of the resolution to designate eligibility to be provided to the Fund
- Initial assessment of funding position (including any deficit if a new academy for example) and initial contributions required by Fund Actuary
- Indemnifying bond assessed, if required

Triennial actuarial valuation

- Reassessment of funding position based on experience
- Adjustment to employer contribution requirement based on updated results
- Reassessment takes into account market, investment and member experience since previous assessment
- Member experiences includes impacts of pay changes, ill health and other early retirements
- Review of indemnifying bond, if appropriate

Monitoring and planning for exit

- Regular review of "covenant" or financial strength of sponsoring employer (or guarantor)
- Regular review of indemnifying bond, if appropriate
- Inter-valuation review of employer contributions where appropriate
- Dialogue entered into with the Fund should active member numbers decline in order to plan for potential exit

Exit from the Fund

- Last active member leaves, or admission agreement otherwise ceases meaning an "exiting employer" under Regulations
- Assessment of a final exit payment due from the outgoing employer in order to fund any residual deficit/surplus assessed in line with this policy
- Payment of final exit payment/credit (and possible consideration of whether "suspension notice", "Deferred Debt Arrangement" or spreading of exit payment are appropriate and in the best interests of the Fund)

Depending on the lifetime of the employer, they may go through a number of triennial valuations and subsequent monitoring activities before reaching a final event that would trigger their exit from the Fund.

3. Joining the Fund

Scheme Employers

All Scheme Employers (as defined under Schedule 2 Part 1 of the Regulations) are entitled to join the Fund under the Regulations. These bodies include tax raising bodies, those funded by central government (academies and colleges) and universities (reliant on non-government income).

Other Scheme Employers (specifically those defined under Schedule 2 Part 2 of the Regulations) can designate eligibility to join the scheme for individuals or groups, where they pass a resolution to that effect. A copy of this resolution will be required by the Administering Authority at the outset, and any subsequent amendments to the resolution should also be provided.

Academy conversions

Where a school has elected to convert to Academy status, the Fund's policy is for the new Academy to inherit the school's share of the historic local authority deficit prior to its conversion. This is in accordance with the Department for Education (DfE) guidance issued when the Academy conversion programme was extended to cover all schools. Full details of how this is assessed are set out in a later section of this document, as is the treatment offered to Academies within Multi-Academy Trusts (MATs).

Admission bodies

An admission body is an employer which, if it satisfies certain regulatory criteria, can apply to participate in the Fund.

Admission bodies can join the Fund if:

They provide a service for a scheme employer as a result of an outsourcing (formerly known as Transferee Admission Bodies)

They provide some form of public service and their funding in most cases derives primarily from local or central government. In reality they take many different forms but essentially they are "not for profit" organisations (formerly known as Community Admission Bodies).

If its application is accepted by the Administering Authority, it will then enter into an "admission agreement". The admission agreement sets out the conditions of participation of the admission body, in accordance with the Regulations, including which employees (or categories of employees) are eligible to become members of the Fund.

Any specific arrangements outside the normal regulations agreed between the letting authority and the new entity will be covered in the commercial agreement. This includes but is not limited to cases where pension costs are shared, or indeed fully passed back to the original employer. The Administering Authority must be informed at the outset of any specific arrangements entered into. This may result in increased/more detailed requirements when providing member data to the Administering Authority.

Indemnifying bonds and/or guarantors

All admission bodies will be required, in accordance with Regulations, to provide an indemnifying bond from an appropriate third party. This bond must be actuarially assessed to the satisfaction of the Administering Authority, and kept under regular review.

In circumstances where a scheme employer within the Fund has formally agreed to act as guarantor to an admission body, the Regulations allow for a bond not to be put in place. The Fund's primary position on this is that a bond should still be put in place in order to better protect all employers within the Fund (including the guarantor). The Fund's view is that the frequency of the review of any bond amount should be:

Guarantee arrangement	Frequency of bond review
Admission body with no guarantor	Annual reassessment
Admission body with a guarantor	Triennial reassessment (carried out as part of the valuation)

Notification of material employer events

As a condition of an employer's admission to the Fund, all employers will be asked to notify the Administering Authority should circumstances arise that impact materially on the employer's ability to finance members' benefits in the Fund or that impact materially on the employer's members, which will have a material impact on their liabilities in the Fund.

Events that may materially impact an employer's ability to finance benefits include:

- Provision / removal / impairment of any security, bond, guarantee or other form of indemnity

- Material change in an employer's immediate financial strength or longer-term financial outlook, including where an employer ceases to operate or becomes insolvent.

Significant changes to an employer's membership which may have a material impact on their liabilities include:

- Restructuring of an employer
- A significant outsourcing or transfer of staff
- A bulk transfer into or out of the employer
- Other significant changes (e.g. due to redundancies, significant salary awards, ill health retirements or large number of withdrawals)
- Employers merging (including insourcing and transferring of services)
- The separation of an employer into two or more individual employers

Initial funding calculations

Essentially there are two main approaches used for new employers depending on their specific circumstances:

- Fully funded at the start: the value of the liabilities of the transferring group of members is assessed and the assets that are notionally reallocated within the Fund from the original employer to the new employer body are equal to this amount, meaning no initial surplus or deficit.

- Partially funded at the start: where the assets notionally reallocated are less than the value of the liabilities transferring. The method of assessment for this initial deficit can vary depending on the specifics of each case.

(As noted earlier, bespoke commercial arrangements can also be entered into between the new entity and the letting authority which may be different to these and must be communicated to the Administering Authority.)

It is most common for admission bodies to join the Fund on a "**fully funded**" basis. There can be exceptions to this where an outsourcing body has structured the commercial arrangements such that the new body takes on a deficit. Academies will also normally take on a deficit at inception, and their treatment is set out in a later section.

Initial contribution rate assessment

The initial contribution rate assessment will be an actuarial calculation of the future service pension cost that applies appropriate to the members transferring to the new entity. This assessment will take account of:

- The pay levels of the transferring group (and so the implied employee contribution rate)
- The timing the benefits are expected to fall due (depending on any applicable transitional protections for certain members)
- Whether the new body will be open, or closed to new entrants
- Whether any funding deficit is ultimately transferred and the period over which it is expected to repay that deficit.

Risk assessment

The Regulations require that an actuarial risk assessment is carried out to the satisfaction of the Administering Authority. It is this assessment that would inform the required indemnifying bond that is discussed in an earlier section.

As a minimum, the Fund would require any bond amount to cover any assessed funding deficit as at the time the risk assessment is performed. Added to this would be any potential early retirement strain costs that could arise on the premature (or normal) termination of the body. These would arise on the grounds that on redundancy, certain members could be eligible for the immediate payment of benefits on an unreduced basis.

It is recognised that the parties involved may wish to depart from the above default position on commercial grounds, and the Fund would be open to considering alternatives on a case-by-case basis.

Academy deficit assessment

As noted above, for new academies the approach taken will be that a deficit will be transferred to the new academy, unless a formal decision to the contrary is made by the local authority.

The Fund's policy is for this transferring deficit to be calculated as the capitalised amount of deficit funding contributions (based on the local authority deficit recovery period) the school would have made to the Fund had it not converted to academy status. This deficit amount is subject to a

Split of payroll between Council and new academy	
Payroll being transferred to new academy (£k p.a.):	5,000
Residual payroll (£k p.a.):	85,000

Split of deficit and deficit contributions between Council and new academy	
Deficit contributions payable (£k p.a.):	
- in respect of all remaining staff prior to transfer (7.8% of £5m)	390
- in respect of remaining staff prior to transfer (7.8% of £85m)	6,610
Total post conversion *(same total as pre-conversion)*	7,000
Implied deficit transferred (390 / 7,000 x 150,000) (£k):	8,400
Implied residual deficit (6,610 / 7,000 x 150,000) (£k):	141,600
Total deficit *(unchanged pre and post conversion)* (£k)	150,000

limit to ensure that the asset share of the new academy is not less than zero.

The details below show an *illustrative example* of an academy conversion:

The final table below shows how this may result in wide ranging funding

Original Council position *(including the school before conversion to Academy)*	
Overall assets (£k)	750,000
Overall liabilities (£k)	900,000
Overall deficit (£k)	150,000
Funding level	83%
Overall payroll (£k p.a.)	90,000
Deficit contribution (£k p.a.) (payable for 22 years)	7,000
Deficit contribution expressed as a % of pay	7.8%

levels, depending on the profile of the transferring members following the

Assets, liabilities, funding levels and deficit contributions for the new academy			
Low liability example		**High liability example**	
	£k		*£k*
Liabilities transferred	9,000	Liabilities transferred	20,000
Deficit transferred	8,400	Deficit transferred	8,400
Assets	600	Assets	11,600
Funding level	7%	Funding level	58%
Deficit contributions (£k p.a.)	390	Deficit contributions (£k p.a.)	390

conversion. Transferring groups of older members, and/or those with long service will, on average, have higher liabilities. As noted earlier, deficits

will be limited such that the asset share of the new academy is not less than zero.

Multi Academy Trusts

Multi Academy Trusts (MATS) are groups of academies managed and operated by one proprietor. The employer of staff in academies is the proprietor of the Academy Trust and not the individual academy within the Trust. It is therefore the proprietor who is the employer for LGPS purposes making the MAT legally responsible for staff across all schools in the group.

In cases where numerous academies are operated by the same managing Trust, the Fund's initial position is to maintain separate records for each of the constituent academies. This means that each constituent academy may have varying contribution requirements according to their own circumstances/membership. Any new academies joining an existing MAT in this case would have their own funding position and contribution requirements assessed separately.

However, if desired, the Fund would be willing to allow a decision to combine. This would be a one-off and irrevocable choice of the Trust as at commencement. If a combined basis decision were to be made, for the purposes of the pension fund, the MAT (including all constituent academies) would be treated as a single combined employer.

This decision would have implications for all future actuarial calculations for the MAT; an overall funding position and the same "average" contribution requirement would apply to all constituent academies. It also means pension fund accounting under FRS101 / FRS102 / IAS19 could only be produced for the entire body.

Any new academies joining an existing MAT pool would contribute at the grouped employer contribution rate already established for the MAT in respect of future service, plus additional deficit contributions relating to the academy, calculated in line with the academy approach outlined above. This would be next reviewed at the triennial valuation (see next section), taking experience into account including any new deficit taken on when new academies join.

4.Triennial Actuarial Valuation

In accordance with the Regulations, every three years the Administering Authority is required to have a full actuarial valuation carried out by -its

appointed Fund Actuary. Not only is this required by law, it also serves as a critically important governance tool when running the pension fund.

The Fund Actuary is required to assess the financial health of the Fund as a whole by quantifying the value of the liabilities of the Fund (i.e. benefits due to be paid in the future) compared to the assets held (the ratio of its assets to liabilities is often referred to as the solvency level). The Administering Authority's long-term objective is for the Fund to achieve a 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits arising as they fall due.

This assessment is repeated for each separate employer within the Fund and the employer contributions (primary and secondary rates) are adjusted appropriately to achieve that long-term objective in accordance with the Fund's Funding Strategy Statement (FSS). The Regulations also require that employer contributions are set in order to achieve long-term cost efficiency, meaning that they must not be set at a level that is likely to give rise to additional costs in the future.

Factors that influence the actuarial valuation results

A number of factors affect the valuation results emerging and these include but are not limited to those listed below. Employers should familiarise themselves with this section noting that decisions taken by them and/or the members can have an impact on the valuation results emerging:

Regulatory / Governance	Market / Economic	Membership events and experience
Scheme design changes	Observed and expected levels of CPI inflation	Observed mortality experience and any changes to future life expectancies (and rate of improvement)

Regulatory / Governance	Market / Economic	Membership events and experience
Cost Management adjustments as a result of experience analysis performed by the Government Actuary's Department (GAD)	Investment returns delivered from assets held by the Fund	Take-up of the 50:50 scheme
Underlying changes to pensions landscape (e.g. changes to State Pension Age)	Expected future investment returns to be delivered by Fund assets	Incidence of any ill health or early retirement benefits (including on redundancy terms)
Relevant court rulings		Salary growth experience vs assumption
		Aggregation of any previously accrued benefits
		Take-up of tax-free cash option

The triennial actuarial valuation is a process that means the employer contribution requirements can and do change from time to time. Employers should be aware that the contribution requirements are not fixed.

Of course commercial arrangements can be put in place between admission bodies and the original body such that variations are shared, or indeed fully passed back to the original employer (known as "pass through" arrangements). These can be specific to each case, but the fundamental points related to this are:

- It is vital for the Administering Authority to be provided with full details of any bespoke commercial arrangements, and

- pension costs do change for many reasons and employers should be aware of this.

Payment of certified contributions

Employers will be required to pay the contributions certified as part of the valuation process. Unless stated otherwise in the certificate, the default approach is that contributions are to be paid on a monthly basis (with one twelfth of any contributions certified as lumps sums to be paid each month). Any "prepayment" of contributions facilitated by the certificate must be agreed in advance with the Administering Authority.

However, in exceptional circumstances the Administering Authority may allow alternative contribution patterns within a given year, at their sole discretion.

5. Monitoring and planning for Exit

Employer Monitoring

The Fund adopts a regular monitoring and review plan to ensure that it can always act proactively to act in the best interests of all pension fund employers. This is illustrated by the policy adopted for bond reviews and their frequency, but also the Fund will be carrying out high level covenant (employer financial strength) assessments.

Covenant Assessments

An employer's covenant underpins its legal obligation and ability to meet its financial responsibilities now and in the future. The strength of covenant depends upon the robustness of the legal agreements in place and the likelihood that the employer can meet them. The covenant effectively underwrites the risks to which the Fund is exposed, including underfunding, longevity, investment and market forces.

An assessment of employer covenant may focus on determining any or all of the following:

- Type of body and its origins
- Nature and enforceability of legal agreements
- Whether there is a bond in place and the level of the bond

- Whether there is an option to call in contingent assets
- The financial health of the employer
- Whether a more accelerated recovery plan should be enforced
- Is there a need for monitoring of ongoing and termination funding ahead of the next actuarial valuation?

The strength of employer covenant can be subject to substantial variation over relatively short periods of time and, as such, regular monitoring and assessment is vital. The employers' covenant will be assessed and monitored objectively in a proportionate manner, and an employer's ability to meet their obligations in the short and long term will be considered when determining its funding strategy.

Covenant assessments will be required for any employers wishing to access the flexibilities around inter-valuation contributions reviews and alternative options on termination mentioned later in this document.

Risk Criteria

The assessment criteria upon which an employer should be reviewed could include:

- Nature and prospects of the employer's industry
- Employer's competitive position and relative size
- Management ability and track record
- Financial policy of the employer
- Profitability, cashflow and financial flexibility
- Employer's credit rating
- Position of the economy as a whole

Not all of the above would be applicable to assessing employer risk within the Fund; rather a proportionate approach to consideration of the above criteria would be made, with further consideration given to the following:

- The scale of obligations to the pension scheme relative to the size of the employer's operating cashflow

- The relative priority placed on the pension scheme compared to corporate finances

- An estimate of the amount which might be available to the scheme on insolvency of the employer as well as the likelihood of that eventuality.

Assessing employer covenant

The employer covenant will be assessed from time to time objectively and its ability to meet its obligations will be viewed in the context of the Fund's exposure to risk and volatility based on publicly available information and/or information provided by the employer. The monitoring of covenant strength along with the funding position (including on the termination basis) enables the Fund to anticipate and pre-empt employer funding issues and thus adopt a proactive approach. The approach taken will be proportionate with depth and frequency of monitoring reflective of the associated risk to the Fund.

In order to accurately monitor employer covenant, it may be necessary for research to be carried out into employers' backgrounds and, in addition, for those employers to be contacted to gather as much information as possible. Focus will be placed on the regular monitoring of employers with a proactive rather than reactive view to mitigating risk.

Covenant risk management

The focus of the Fund's risk management is the identification and treatment of the risks and it will be a continuous and evolving process which runs throughout the Fund's strategy. Mechanisms that will be explored with certain employers, as necessary, will include but are not limited to the following:

1. Parental Guarantee and/or Indemnifying Bond
2. Transfer to a more prudent actuarial basis (e.g. the termination basis)
3. Shortened recovery periods and increased cash contributions
4. Managed exit strategies
5. Contingent assets and/or other security such as escrow accounts.

Inter-valuation contribution reviews

The Regulations allow contributions to be reviewed and potentially revised between valuations at the Administering Authority's discretion, under the following scenarios:

Scenario 1	Scenario 2	Scenario 3
There has been a significant change in the employer's membership which will have a material impact on their liabilities	There has been a significant change in the employer's covenant	The Administering Authority is of the opinion that a change in circumstances means the employer is likely to exit the Fund

Scenarios 1 and 2 (for "ongoing" employers) and scenario 3 ("planning for exit") are addressed separately below. "Ongoing" employers are generally expected to remain in the Fund, and any review will take place on that basis (considering their covenant, medium to long term prospects, etc). Employers "planning for exit" are expected to leave the Fund, and their review will take place on that basis, with a focus on achieving a fully funded position at termination.

Where more than one scenario potentially applies, scenario 3 would normally take precedence, although the Administering Authority will have the final decision on the relevant approach.

Scenarios 1 and 2 (interim review for "ongoing" employers)

When contributions will be reviewed

The Administering Authority may trigger a review where it believes either of the above apply. The employer should inform the Administering Authority if it believes either of the above may apply – examples of situations that may arise are set out below. An employer may also request a review in either circumstance and in this situation will be asked to confirm the circumstances that justify the review.

Where the review is triggered at the employer's request, they will be expected to pay all relevant costs. The Administering Authority may also recover costs in other circumstances (for example where the Administering Authority triggers a review due to a material change in circumstances of the employer that the employer failed to notify to the Administering Authority).

The Administering Authority will not conduct a review where:

- The funding position changes solely due to changes in market conditions (asset movements or assumption changes) – this is not permitted under the regulations. (However changes in these factors would be considered in a review triggered due to covenant changes)
- The next actuarial valuation rates and adjustments certificate is less than 6 months away and the review is triggered by membership

changes (reviews in this period due to covenant changes may be considered)
- They do not believe that a review is necessary (considering the potential impact that any changes may have on the other employers or the Fund as a whole) or in the best interests of the Fund

Triggering a potential review

1) ***Significant changes in the employer's liabilities*** *(*including but not limited to):

   a) Significant changes to the employer's membership which will have a material impact on their liabilities, such as:
      - Restructuring of an employer
      - A significant outsourcing or transfer of staff
      - A bulk transfer into or out of the employer
      - Other significant changes (e.g. due to redundancies, significant salary awards, ill health retirements or large number of withdrawals)
   b) Employers merging (including insourcing and transferring of services)
   c) The separation of an employer into two or more individual employers

   In terms of assessing the triggers under a) above, the Administering Authority will only consider a review if the change in liabilities is expected to be more than 5% of the total liabilities. In some cases this may mean there is also a change in the covenant of the employer.

   Any review of the rate will only take into account the impact of the change in liabilities (including, if relevant, any underfunding in relation to pension strain costs), and the resulting impact on the Primary and Secondary rate of contributions.

2) Significant changes in the employer's covenant *(*including but not limited to):

   a) Provision / removal / impairment of any security, bond, guarantee or other form of indemnity
   b) Material change in an employer's immediate financial strength or longer-term financial outlook, including where an employer ceases to operate or becomes insolvent.
   c) Where an employer shows behaviour that suggests a change in their ability and/or willingness to pay contributions to the Fund.

In some instances, a change in the liabilities will also result in a change in an employer's covenant.

Process and outcomes

Where the Administering Authority believes a relevant event may have occurred, the Administering Authority:

- will gather relevant information (including from the employer as required, e.g. annual accounts, budgets, forecasts, etc)
- may conduct a full updated covenant review, including advice from the Fund Actuary, covenant, legal and other specialist advisers as required
- will hold discussions with the employer as needed to clarify the relevant details

When they have considered all the relevant information, the Administering Authority will decide whether to proceed (this decision rests solely with the Administering Authority, including where an employer has requested a review).

If the review proceeds, the Administering Authority will consider whether it is appropriate to use updated membership data within the review (e.g. where the change in data is expected to have a material effect on the outcome) and whether any supporting information is required from the employer.

Where the employer's covenant has changed significantly, the review would allow for the updated funding position (both ongoing and on termination).

As well as revisiting the employer's current contribution plan, the review may also consider other parts of the funding strategy, including:

1. Whether the funding strategy remains appropriate
2. Whether the Primary contribution rate should be adjusted to allow for any profile change and/or funding strategy change
3. Whether the length of the recovery period adopted at the previous valuation remains appropriate

For the avoidance of doubt, any review of contributions may result in no change and a continuation of contributions as per the latest actuarial valuation assessment. In the normal course of events, a rate review would not be undertaken close to the next actuarial valuation date unless in exceptional circumstances.

The review of contributions may take up to 3 months from the date of confirmation to the employer that the review is taking place.

Any change to an employer's contributions will be implemented at a date agreed between the employer and the Fund. The Schedule to the Rates and Adjustment Certificate at the last valuation will then be updated for any contribution changes. As part of this process the Administering Authority will consider whether it is appropriate to consult any other Fund employers prior to implementing the revised contributions. Circumstances where the Administering Authority may consider it appropriate to do so include where there is another employer acting as guarantor in the Fund. In such circumstances the guarantor would be consulted on as part of the contribution review process.

The Administering Authority will agree a proportionate process for periodical ongoing monitoring and review following the implementation of the revised contribution plan. The Employer will be required to provide information to the Fund to support this, which will depend in part on the reasons for triggering the original contribution review.

Scenario 3 (planning for exit)

The Administering Authority has the power to revisit any previously certified contributions if it becomes of the opinion that a change in circumstances means it is likely to exit from the Fund.

The Administering Authority's opinion of this scenario will be driven by the considerations in addition to the scheduled end date of any admission agreement such as the following:

Event	Comment
Notification from the employer of its intention to exit (or if it is expecting to reduce the number of members)	Dialogue will be entered into, and work commenced on managing a future exit payment
A more than 50% reduction in the number of active members between accounting period end dates	This would trigger a dialogue between the Administering Authority and the employer to understand the reasons for the change. This may lead to planning for exit work including a review of contribution requirements

Event	Comment
If there is a reduction of active members leaving only two*	This would initially trigger a dialogue between the Administering Authority and the employer to understand the underlying position. It is highly likely that planning for exit work would commence including a review of contribution requirements.

**the Administering Authority would treat each of these cases on its merits e.g. employers with very small numbers to start with would be considered appropriately in that context.*

Here any review of contributions would cover all aspects of the current contributions plan. This would include:

- any likely termination debt
- targeting a fully funded termination position at exit
- the need for potential flexibilities on exit (as described in the next section)

6. Exit from the Fund

Termination Policy

When an employer becomes an exiting employer (for example the last active leaving, or an admission agreement terminates for any reason), the employer becomes an exiting employer under the Regulations. The Fund is then required to obtain an actuarial valuation of that employer's liabilities in respect of benefits of the exiting employer's current and former employees along with a termination contribution certificate.

It is the Fund's policy position that such an actuarial valuation will be commissioned for all cases, unless a decision is taken to the contrary specific to a particular case. In all cases where this valuation is carried out, regardless of whether the assessment reveals a deficit or a surplus, a termination contribution certificate will be issued by the Fund Actuary.

Throughout this section the policy differentiates between employers who do and do not have a guarantor. Here a guarantor is a guarantee to fund the cost of all future benefit payments in relation to the members of the exiting employer by a suitable Scheme Employer, meaning the Scheme Employer would subsume all assets and liabilities on cessation. Any other form of guarantee (for example a guarantee of a termination payment due from the exiting employer) may lead to an alternative approach, at the discretion of the Administering Authority.

Termination Assumptions

The following approaches will be used by the Fund Actuary to assess the required exit payment that may be due. The approach will be based on the most recent actuarial valuation assumptions, updated to the cessation date, and adjusted for the specific circumstances. Specific differences in treatment between certain groups of employers (usually admission bodies) are as defined below:

Employers with no guarantor in the Fund who joined prior to 1 July 2012	Employers with no guarantor in the Fund who joined after 1 July 2012	Employers with a guarantor within the Fund
Using a corporate bond basis, with the discount rate based on the long dated Sterling AA Corporate Bond yield of appropriate duration, and allowing for a more prudent assessment of future mortality trends.	Using a "least risk" funding basis based on government bonds of appropriate duration, and allowing for a more prudent assessment of future mortality trends.	Using an "ongoing" valuation basis so consistent with the funding target assumptions.

Treatment of termination deficit / surplus

The Fund's policy on the treatment of a deficit or surplus on termination is also dependent on whether the exiting employer has a guarantor in the Fund. The policy is designed to ensure consistent treatment of surplus and deficit.

a) Termination with no guarantor

Any deficit will be recovered from the exiting employer via the payment of a termination deficit. In the case of a surplus, the Fund will pay the exit credit to the exiting employer.

b) Termination with a guarantor - no "risk sharing"

Where there is no "risk sharing" this means that the exiting employer is responsible for their final position in the Fund.

In these cases any deficit will be recovered from the exiting employer via the payment of a termination deficit. In the case of a surplus, the Fund will pay the exit credit to the exiting employer (subject to the Fund first determining that there is no "risk sharing" – see below).

The liabilities and assets (allowing for any termination payment / after any exit credit) would then be subsumed by the guarantor and taken into account at the following valuation.

The interested parties will need to consider any separate agreements that have been put in place between the exiting employer and the guarantor. In some instances an exit debt may be payable by an exiting employer before the assets and liabilities are subsumed by the guarantor; or conversely an exit credit may be payable to an exiting employer prior to subsumption. This will be managed on a case-by-case basis.

c) Termination with a guarantor - "risk sharing" applies
Any assets, liabilities and deficit or surplus would be subsumed by the guarantor and taken into account at the following valuation.

Risk sharing – Fund determination
Where the employer has a guarantor, the Administering Authority will need to determine whether b) and c) applies. In that case they will:

- contact both the exiting employer and the guarantor to confirm whether there is a "risk-sharing" arrangement in place, and to ask for any evidence of this

- where both sides agree, the termination assessment will be progressed in line with the standard approach

- otherwise, the Fund's normal policy will be to proceed assuming the exiting employer is responsible for any termination payment, and so is entitled to any exit credit unless representation is made by the relevant parties in line with the Regulations (as noted below)

Once the termination assessment is complete, the two parties will be notified of the outcome. At that point either party will have 1 month to dispute the outcome. If this happens then payment of any exit credit will be put on hold, and the two parties will be expected to resolve the dispute between themselves, without input from the Fund. The Fund will not become involved in any dispute between the two parties until all other avenues have been explored. The following arrangements will apply in respect of disputes raised with the Fund:

- In the case of a surplus, in line with the amending Regulations (The Local Government Pension Scheme (Amendment) Regulations 2020) the parties will need to make formal representations to the Administering Authority if they believe an Exit Credit should be paid outside the policy set out above, or if they dispute the determination of the Administering Authority. The Fund will notify the parties of the information required to make the determination on request.
- If the Fund determines an Exit Credit is payable then they will pay this directly to the exiting employer within 6 months of completion of the final cessation assessment by the Actuary.

- In the case of a deficit, in order to maintain a consistent approach, the Fund will seek to recover this from the exiting employer in the first instance and if this fails, the matter will be referred to the guarantor. If neither the Fund nor the guarantor succeeds in recovering the deficit, then the deficit will be recovered from the guarantor either as a further contribution collection or at the next valuation depending on the circumstances.

If requested, the Administering Authority will provide details of the information considered as part of the determination. A determination notice will be provided alongside the termination assessment from the Actuary. The notice will cover the following information and process steps:

1. Details of the employers involved in the process (e.g. the exiting employer and guarantor).
2. Details of the admission agreement, commercial contracts and any amendments to the terms that have been made available to the Administering Authority and considered as part of the decision making process. The underlying principle will be that if an employer is responsible for a deficit, they will be eligible for any surplus. This is subject to the information provided and any risk sharing arrangements in place.
3. The final certification of the exit credit by the Actuary.
4. The Administering Authority's determination based on the information provided.
5. Details of the appeals process in the event that a party disagrees with the determination and wishes to make representations to the Administering Authority.

The Fund may seek to recover any costs associated with appeals or dispute resolution as part of the final termination settlement.

Managing the exit payment / credit, and alternatives to termination

The default policy is that any termination payment due is paid in full following the final assessment. However, the regulations give power to the Administering Authority to use its discretion to allow alternative approaches and these will be considered where this is in the best interest of the Fund. These are:

Suspension	Spreading	Deferred Debt Agreement
Issue a "suspension notice" if the employer is likely to have active members in the near future	Allow the termination payment to be spread over an agreed period	To allow the employer to remain in the Fund under a "Deferred Debt Agreement" (DDA)

Any costs associated with adopting one of the three alternative approaches above (including necessary actuarial, legal and covenant advice), and assessing suitability for an alternative approach even if this is not subsequently taken forwards, will be borne by the employer and, depending on the employer's circumstances, will either be required as an upfront payment or included in the contribution plan or exit debt payment.

1. Suspension notice

The regulations allow the Fund to issue a "suspension notice" for a period up to 3 years, if, in the reasonable opinion of the Administering Authority, the employer is likely to have one or more active members join the Fund within the period of the notice.

The default policy is that any "suspension notice" would only apply for a **maximum period** as remains to the next triennial valuation. If a suspension notice is applied, any contributions not related to pay (e.g. lump sum payments as set on the Rates and Adjustments Certificate) will continue to be paid to the Fund as certified.

2. Spreading an exit payment

The Administering Authority will use the following process to determine whether an employer is eligible to spread their exit payment:

a) Firstly consider whether it is in the best interests of the Fund to enter into such an arrangement. This decision will be based on a covenant review, to determine whether the exit payment is affordable (based on specialist advice as needed)

b) For this, the employer may be required to provide any financial information deemed necessary. If this information is not provided then the default policy of immediate payment will apply

c) Depending on the length of the spread period and the size of the debt, the Fund may request some form of additional security

d) Any agreement may include non-uniform payments e.g. a lump sum up front followed by a series of payments over the agreed period. All payments required will include allowance for interest from the termination date

e) The initial process to determine whether an exit debt should be spread may take up to 3 months from receipt of data so it is important that employers who request to spread exit debt payments notify the Fund in good time

f) If the covenant review confirms that the exit payment is not immediately affordable, the Administering Authority will engage in discussions with the employer about the potential spreading of exit payments. As part of this, the following will be considered and agreed:

- The spreading period (subject to a maximum of 5 years)
- The initial and annual payments due
- The interest rates applicable and the costs associated with the plan
- Any security required (e.g. bond, escrow account etc)
- The employer's responsibilities during the period (e.g. the supply of covenant information)
- The views of the Actuary, covenant, legal and any other specialists necessary
- Circumstances where the plan might be reviewed or immediate payment requested (e.g. due to a significant change in covenant / circumstances)

g) The Administering Authority will then make a final decision, based on the best interests of the Fund, and the arrangement will be documented

3. Deferred Debt Agreement (DDA)

As an alternative to terminating participation in the Fund and triggering a resulting exit payment, an employer may request to continue its participation in the Fund with no contributing members and utilise a "Deferred Debt Agreement" (DDA).

The Administering Authority will use the following process to determine whether a DDA is appropriate:

1. Firstly consider whether it is in the best interests of the Fund to enter into a DDA. This decision will be based on a covenant review, to determine whether the exit payment is affordable (based on specialist advice as needed).

2. For this, the employer may be required to provide any financial information deemed necessary. If this information is not provided then the default policy of immediate payment will apply

3. Consider what additional security is required to protect the Fund

4. This could include a lump sum up front to reduce the size of any potential termination debt

5. The initial process to determine whether a DDA is appropriate may take up to 3 months from receipt of data so it is important that employers who request the Administering Authority to consider a DDA, notify the Fund in good time

6. If the covenant review confirms that the potential exit debt is not affordable either immediately or over the short-term, the Administering Authority will engage in discussions with the employer about the potential format of a DDA (using the template agreement based on the principles set out in the Scheme Advisory Board's separate guide). As part of this, the following will be considered and agreed:

    a. What security the employer can offer (generally a DDA will only be allowed where the Administering Authority is confident the employer can support the arrangement on an ongoing basis). Provision of security may also result in a review of the recovery period and other funding arrangements
    b. The funding assumptions and investment strategy that would be applied
    c. Whether an upfront cash payment should be made
    d. The updated secondary contributions
    e. The regular financial information required from the employer, and any other monitoring that will be required.
    f. The advice of the Actuary, covenant, legal and any other specialists necessary.
    g. The responsibilities that would apply to the employer while they remain in the Fund
    h. Circumstances that would trigger a revised recovery plan and contributions (e.g. due to a significant change in covenant / circumstances)
    i. Circumstances that would trigger changes to the DDA, including a cessation of the agreement, an exit payment

becoming payable (e.g. the removal of security, a significant change in covenant)

j. Circumstances where the employer may be able to vary the DDA (e.g. a further cash payment or change in security)

7. The Administering Authority will then make a decision, based on the best interests of the Fund, confirm and document the required terms

8. For employers that are successful in entering into a DDA, contribution requirements will continue to be reviewed as part of each actuarial valuation, or in line with the DDA in the interim, if any of the agreed triggers are met.

4. Exit payments

Where a credit is payable to the exiting employer in the case of a surplus, the Fund will hope to be able to pay the exit credit following completion of the termination process within 6 months of cessation, subject to:

- the exiting employer providing sufficient notice to the Fund of their intent to exit; any delays in notification will impact on the payment date

- Any delays due to appeals or disputes arising under the process outlined in the previous section

7. Employer costs and charges

All employers that participate within the Fund will be required to make contributions to it in accordance with the underlying Regulations. Specifically, employers will be required to:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations)

- pay all employer future service and deficit contributions, as determined by the Fund Actuary, promptly by the due date

- make additional contributions as required in respect of, for example, augmentation of Fund benefits and early retirement strains, and

- pay any professional fees as determined by the Fund that are incurred on account of actions or events applicable to that employer, including in relation to any bulk transfer (to either another LGPS Fund or another pension fund) and

- pay any fines or sanctions issued to it in accordance with the Fund's Pension Administration Strategy Statement or underlying legislation

SHROPSHIRE COUNTY
PENSION FUND

Shropshire County Pension Fund

Funding Strategy Statement

To be approved by the Pensions Committee on the 17 September 2021

This Funding Strategy Statement has been prepared by Shropshire Council (the Administering Authority) to set out the funding strategy for the Shropshire County Pension Fund (the "Fund"), in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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Executive Summary

Ensuring that the Shropshire County Pension Fund (the "Fund") has sufficient assets to meet its pension liabilities in the long term is the fiduciary responsibility of the Administering Authority (Shropshire Council). The Funding Strategy adopted by the Shropshire County Pension Fund will therefore be critical in achieving this.

The purpose of this Funding Strategy Statement ("FSS") is to set out a clear and transparent funding strategy that will identify how each Fund employer's pension liabilities are to be met going forward.

The details contained in this Funding Strategy Statement will have a financial and operational impact on all participating employers in the Shropshire County Pension Fund.

It is imperative therefore that each existing or potential employer is aware of the details contained in this statement.

Given this, and in accordance with governing legislation, all interested parties connected with the Shropshire County Pension Fund have been consulted and given opportunity to comment prior to this Funding Strategy Statement being finalised and adopted. This statement takes into consideration all comments and feedback received.

The Fund's objective

The Administering Authority's long-term objective is for the Fund to achieve a 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits arising as they fall due. This objective will be considered on an employer specific level where appropriate.

The general principle adopted by the Fund is that the assumptions used, taken as a whole, will be chosen sufficiently prudently for pensions already in payment to continue to be paid, and to reflect the commitments that will arise from members' accrued pension rights.

The funding strategy set out in this document has been developed alongside the Fund's investment strategy on an integrated basis taking into account the overall financial and demographic risks inherent in the Fund. The funding strategy includes appropriate margins to allow for the possibility of events turning out worse than expected. Individual employer

results will also have regard to their covenant strength and the investment strategy applied to the asset shares of those employers.

Solvency and long-term cost efficiency

Each employer's contributions are set at such a level to achieve full solvency in a reasonable timeframe. Solvency is defined as a level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise.

Employer contributions are also set in order to achieve long term cost efficiency. Long term cost-efficiency implies that contributions must not be set at a level that is likely to give rise to additional costs in the future. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the appropriate time. Equally, the FSS must have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

When formulating the funding strategy, the Administering Authority has taken into account these key objectives and also considered the implications of the requirements under Section 13(4)(c) of the Public Service Pensions Act 2013. As part of these requirements the Government Actuary's Department (GAD) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund is set at an appropriate level to ensure the "solvency" of the pension fund and "long term cost efficiency" of the Local Government Pension Scheme (the "LGPS") so far as relating to the Fund.

Recovery plan and contributions

As the solvency level of the Fund is 94% at the valuation date i.e. the assets of the Fund are less than the liabilities, a recovery plan needs to be implemented such that additional contributions are paid into the Fund to meet the shortfall. (In a similar manner, where an individual employer is in surplus it may in certain circumstances be appropriate to reduce the overall contributions payable to reflect this, by way of a "surplus offset".)

Deficit contributions paid to the Fund by each employer will be expressed as £s amounts (flat or increasing year on year) and it is the Fund's objective that any funding deficit is eliminated as quickly as the participating employers can reasonably afford given other competing cost pressures (surplus offset contributions, in cases where there is a funding surplus, will normally be expressed as a percentage of pensionable

payroll). This may result in some flexibility in recovery periods by employer which would be at the sole discretion of the Administering Authority. The recovery periods will be set by the Fund, although employers will be free to select any shorter deficit recovery period if they wish. Employers may, in certain circumstances at the discretion of the Administering Authority, also elect to make prepayments of contributions which could result in a cash saving over the valuation certificate period.

The target recovery period for the Fund as a whole is 13 years at this valuation which is 3 years shorter than the target recovery period from the previous valuation. Subject to affordability and other considerations individual employer recovery periods would also be expected to reduce by 3 years at this valuation.

Where there is an increase in contributions required at this valuation the employer may, at the Administering Authority's discretion, be permitted to step-up their total contributions over a period of 3 years.

McCloud

The Government has confirmed that a remedy is required for the LGPS in relation to the McCloud judgment. Therefore, the Fund has considered its policy in relation to costs that could emerge from the McCloud judgment in line with the guidance from the Scheme Advisory Board in conjunction with the Actuary. Whilst the remedy is not known and may not be known for some time, for the purpose of this valuation, when considering the appropriate contribution provision, we have assumed that the judgment would have the effect of removing the current age criteria applied to the underpin implemented in 2014 for the LGPS. This underpin therefore would apply to all active members as at 1 April 2012. The relevant estimated costs have been quantified and notified to employers on this basis but also highlighting that the final costs may be different. Employers will be able to choose to include these estimated costs over 2020/23 in their certified contributions. Alternatively, they will need to make allowance within their budgets and note that additional contributions could be payable if the remedy is known before the next valuation.

Actuarial Assumptions

The actuarial assumptions used for assessing the funding position of the Fund and the individual employers, the "Primary" contribution rate, and any contribution variations due to underlying surpluses or deficits (i.e. the "Secondary" rate) are set out in an Appendix to this FSS.

The discount rate in excess of CPI inflation (the "real discount rate") has been derived based on the expected return on the Fund's assets allowing for the long-term strategy set out in its Investment Strategy Statement (ISS). When assessing the appropriate prudent discount rate, consideration has been given to the level of expected asset returns in excess of CPI inflation (i.e. the rate at which the benefits in the LGPS generally increase each year). It is proposed at this valuation the real return over CPI inflation for determining the past service liabilities is 1.85% per annum and for determining the future service ("Primary") contribution rates is 2.25% per annum.

Where warranted by an employer's circumstances, the Administering Authority retains the discretion to apply a discount rate based on a lower risk investment strategy for that employer to protect the Fund as a whole. Such cases will be determined by the Section 151 Officer and reported to the Committee.

The demographic assumptions are based on the Fund Actuary's bespoke analysis for the Fund, also taking into account the experience of the wider LGPS where relevant.

Employer asset shares

The Fund is a multi-employer pension Fund that is not formally unitised and so individual employer asset shares are calculated at each actuarial valuation. This means it is necessary to make some approximations in the timing of cashflows and allocation of investment returns when deriving each employer's asset share.

At each review, cashflows into and out of the Fund relating to each employer, any movement of members between employers within the Fund, along with investment return earned on the asset share, are allowed for when calculating asset shares at each valuation.

Other adjustments are also made on account of the funding positions of orphan bodies which fall to be met by all other active employers in the Fund.

Fund policies

In addition to the information/approaches required by overarching guidance and Regulation, this statement also summarises the Fund's practice and policies in a number of key areas. The Fund's Employer

Events Framework Policy Document lays out the relevant polices in greater detail, including how the Fund will exercise its discretion as required, and the relevant sections of that policy document will be deemed to be part of this FSS:

1. Covenant assessment and monitoring

An employer's financial covenant underpins its legal obligation and crucially the ability to meet its financial responsibilities to the Fund now and in the future. The strength of covenant to the Fund effectively underwrites the risks to which the Fund is exposed. These risks include underfunding, longevity, investment and market forces.

The strength of employer covenant can be subject to substantial variation over relatively short periods of time and, as such, regular monitoring and assessment is vital to the overall risk management and governance of the Fund. The employers' covenants will be assessed and monitored objectively in a proportionate manner, and an employer's ability to meet their obligations in the short and long term will be considered when determining its funding strategy.

After the valuation, the Fund will continue to monitor employers' covenants in conjunction with their funding positions over the inter-valuation period. This will enable the Fund to anticipate and pre-empt any material issues arising and thus adopt a proactive approach in partnership with the employer.

2. Admitting employers to the Fund

Various types of employers are permitted to join the LGPS under certain circumstances, and the conditions upon which their entry to the Fund is based and the approach taken is determined by the Fund's admission policy. Examples of new employers include:

- Mandatory Scheme Employers - for example new academies (see later section)
- Designated bodies - those that are permitted to join if they pass a resolution for example Town and Parish Councils.
- Admission bodies - usually arising as a result of an outsourcing or a transfer to an entity that provides some form of public service and their funding primarily derives from local or central government.

The key objective for the Fund is to only admit employers where the risk to the Fund is mitigated as far as possible. The different employers pose different risks to the Fund.

Certain employers may be required to provide a guarantee or alternative security before entry will be allowed, in accordance with the Regulations and Fund policies.

3. Inter-valuation contribution reviews

The Regulations allow contributions to be reviewed and potentially revised between valuations at the Administering Authority's discretion, under the following scenarios:

- There has been a significant change in the employer's membership which will have a material impact on their liabilities
- There has been a significant change in the employer's covenant
- The Administering Authority is of the opinion that a change in circumstances means the employer is likely to exit the Fund

Where the Fund becomes aware that any of the above circumstances apply, they may review and amend the employer's contributions between actuarial valuations, in line with the process detailed in the Employer Events Policy. An employer may also be able to trigger a review where they feel any of the above apply.

4. Termination policy for employers exiting the Fund

When an employer ceases to participate within the Fund, it becomes an exiting employer under the Regulations. The Fund is then required to obtain an actuarial valuation of that employer's liabilities in respect of the benefits of the exiting employer's current and former employees, along with a termination contribution certificate.

The process applying on termination will depend on whether the exiting employer has a guarantor within the Fund, and if they do whether the employer or guarantor is ultimately responsible for the final position:

Termination with no guarantor

Where there is no guarantor who could subsume the liabilities of the exiting employer, the Fund's policy is to use more prudent assumptions to assess the termination position, to protect the remaining Fund employers.

Any deficit will be recovered from the exiting employer via the payment of a termination deficit. In the case of a surplus, the Fund will pay the exit credit to the exiting employer.

Termination with a guarantor
Where there is a guarantor who will subsume the liabilities, the termination position is assessed using an "ongoing" valuation basis, so consistent with the funding target assumptions.

Where there is no "risk sharing" (meaning the exiting employer is responsible for their final position in the Fund), any deficit will be recovered from the exiting employer if possible (and the guarantor otherwise) via the payment of a termination deficit. In the case of a surplus, the Fund will pay the exit credit to the exiting employer once the risk sharing position has been determined.

Otherwise, the default position is that any deficit or surplus would be subsumed by the guarantor and taken into account at the following valuation.

Where the exiting employer and guarantor disagree on whether there is any "risk sharing", the Fund will assume that an exit credit is payable to the exiting employer. The guarantor will then have 1 month to dispute this, at which point the payment will be put on hold, and the two parties will be expected resolve the dispute between themselves. The Fund will not become involved in any dispute between the two parties until all other avenues have been explored. Further detail is set out in Section 5 of this FSS and in the Employer Events Framework.

Managing the exit payment / credit, and alternatives to termination
Under certain circumstances options other than immediate termination and settlement of any surplus/deficit are possible at the discretion of the Administering Authority, including:

- Issuing a suspension notice
- Spreading any termination payment
- Entering into a Deferred Debt Agreement

.

The Fund's Employer Events Framework Policy Document contains further details on the termination process and options available. The Administering Authority also reserves the right to modify the termination approach on a case by case basis if circumstances warrant it based on the advice of the Actuary.

5. Insurance arrangements

The Fund may consider whether ill health retirement costs can be insured either through a third party insurer or by setting up an internal captive insurance arrangement which pools these risks for eligible employers. If such an arrangement is implemented the relevant employer contribution rates will be adjusted accordingly.

1. Introduction

The Local Government Pension Scheme Regulations 2013 (as amended) ("the 2013 Regulations") and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the 2014 Transitional Regulations") (collectively; "the Regulations") provide the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS). The key requirements for preparing the FSS can be summarised as follows:

After consultation with all relevant interested parties involved with the Shropshire County Pension Fund (the "Fund"), the Administering Authority will prepare and publish their funding strategy;

In preparing the FSS, the Administering Authority must have regard to:

the guidance issued by CIPFA for this purpose; and

the Investment Strategy Statement (ISS) for the Fund published under Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended);

The FSS must be revised and published whenever there is a material change in either the policy set out in the FSS or the ISS.

Benefits

The benefits provided by the Fund are specified in the governing legislation contained in the Regulations referred to above. Benefits payable under the Fund are guaranteed by statute and thereby the pensions promise is secure for members. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time facilitating scrutiny and accountability through improved transparency and disclosure.

The Fund is a defined benefit arrangement with principally final salary related benefits from contributing members up to 1 April 2014 and Career Average Revalued Earnings ("CARE") benefits earned thereafter. There is also a "50:50 Scheme Option", where members can elect to accrue 50% of the full Fund benefits in relation to the member only and pay 50% of the normal member contribution.

Employer contributions

The required levels of employee contributions are specified in the Regulations. Employer contributions are determined in accordance with the Regulations (which require that an actuarial valuation is completed every three years by the actuary, including a rates and adjustments certificate specifying the "primary" and "secondary" rate of the employer's contribution).

Primary rate

The "Primary rate" for an employer is the contribution rate required to meet the cost of the future accrual of benefits, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant.

The Primary rate for the whole fund is the weighted average (by payroll) of the individual employers' Primary rates.

Secondary rate

The "Secondary rate" is an adjustment to the Primary rate to arrive at the total rate of contribution each employer is required to pay. The Secondary rate may be expressed as a percentage adjustment to the Primary rate, and/or a cash adjustment in each of the three years beginning 1 April in the year following the actuarial valuation.

Secondary rates for the whole fund in each of the three years shall also be disclosed. These will be the calculated weighted average based on the whole fund payroll in respect of percentage rates and the total amount in respect of cash adjustments.

2. Purpose of funding strategy statement in policy terms

Funding is the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the actuary.

The Administering Authority's long term objective is for the Fund to achieve a 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits arising as they fall due.

The purpose of this Funding Strategy Statement is therefore:

to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward by taking a prudent longer-term view of funding those liabilities;

to establish contributions at a level to "secure the solvency" of the pension fund and the "long term cost efficiency";

to have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

The intention is for this strategy to be both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives which need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Administering Authority to implement and maintain.

3. Aims and purpose of the Fund

The aims of the fund are to:

- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due
- enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers, scheduled, resolution and admitted bodies, while achieving and maintaining fund solvency and long term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future due to sector changes
- maximise the returns from investments within reasonable risk parameters taking into account the above aims.

The purpose of the fund is to:

- receive monies in respect of contributions, transfer values and investment income, and
- pay out monies in respect of Fund benefits, transfer values, costs, charges and expenses as defined in the 2013 Regulations, the 2014 Transitional Regulations and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

4. Responsibilities of the key parties

The efficient and effective management of the Fund can only be achieved if all parties exercise their statutory duties and responsibilities conscientiously and diligently. The key parties for the purposes of the FSS are the Administering Authority (and, in particular the Pensions Committee the individual employers and the Fund Actuary and details of their roles are set out below. Other parties required to play their part in the fund management process are bankers, custodians, investment managers, auditors and legal, investment and governance advisors, along with the Local Pensions Board created under the Public Service Pensions Act 2013.

Key parties to the funding strategy statement

The **Administering Authority** should:

- operate the pension fund
- collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in the Regulations
- pay from the pension fund the relevant entitlements as stipulated in the Regulations
- invest surplus monies in accordance the Regulations
- ensure that cash is available to meet liabilities as and when they fall due
- take measures as set out in the Regulations to safeguard the fund against the consequences of employer default
- manage the valuation process in consultation with the Fund's actuary
- prepare and maintain a FSS and an ISS, both after proper consultation with interested parties, and
- monitor all aspects of the Fund's performance and funding, amending the FSS/ISS as necessary
- effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and a Fund employer, and

- establish, support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice.

The **Individual Employer** should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations), unless they are a Deferred Employer.
- pay all contributions, including their own as determined by the actuary, promptly by the due date
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of Fund benefits, early retirement strain, and
- have regard to the Pensions Regulator's focus on data quality and comply with any requirement set by the Administering Authority in this context, and
- notify the Administering Authority promptly of any changes to membership which may affect future funding.

The **Fund Actuary** should:

- prepare valuations including the setting of employers' contribution rates at a level to ensure fund solvency after agreeing assumptions with the Administering Authority and having regard to their FSS and the Regulations
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters such as pension strain costs, ill health retirement costs etc
- provide advice and valuations on the termination of admission agreements
- provide advice to the Administering Authority on bonds and other forms of security against the financial effect on the Fund of employer default

- assist the Administering Authority in assessing whether employer contributions need to be revised between valuations as required by the Regulations
- advise on funding strategy, the preparation of the FSS and the inter-relationship between the FSS and the ISS, and
- ensure the Administering Authority is aware of any professional guidance or other professional requirements which may be of relevance to the Fund Actuary's role in advising the Fund.

5. Solvency funding target

Securing the "solvency" and "long term cost efficiency" is a regulatory requirement. To meet these requirements the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "funding target") assessed on an ongoing past service basis including allowance for projected final pay where appropriate. In the long term, an employer's total contribution rate would ultimately revert to its Primary rate of contribution.

Solvency and long-term efficiency

Each employer's contributions are set at such a level to achieve full solvency in a reasonable timeframe. Solvency is defined as a level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise.

Employer contributions are also set in order to achieve long term cost efficiency. Long term cost-efficiency implies that contributions must not be set at a level that is likely to give rise to additional costs in the future. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the appropriate time.

When formulating the funding strategy, the Administering Authority has taken into account these key objectives and also considered the implications of the requirements under Section 13(4)(c) of the Public Service Pensions Act 2013. As part of these requirements the Government Actuary's Department (GAD) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund is set at an appropriate level to ensure the "solvency" of the pension fund and "long term cost efficiency" of the LGPS so far as relating to the Fund.

Determination of the solvency Funding Target and Recovery Plan

The principal method and assumptions to be used in the calculation of the funding target are set out in **Appendix A**. The Employer Recovery Plans are set out in **Appendix B**.

Underlying these assumptions are the following two tenets:

- that the Fund is expected to continue for the foreseeable future; and
- favorable investment performance can play a valuable role in achieving adequate funding over the longer term.

This allows the Fund to take a longer-term view when assessing the contribution requirements for certain employers.

In considering this the Administering Authority, based on the advice of the Actuary, will consider if this results in a reasonable likelihood that the funding plan will be successful potentially taking into account any changes in funding after the valuation date up to the finalisation of the valuation by 31 March 2020 at the latest.

As part of each valuation separate employer contribution rates are assessed by the Fund Actuary for each participating employer or group of employers. These rates are assessed considering the experience and circumstances of each employer, following a principle of no cross-subsidy between the distinct employers and employer groups in the Fund.

The Administering Authority, following consultation with the participating employers, has adopted the following objectives for setting the individual employer contribution rates arising from the 2019 actuarial valuation:

- The Fund does not believe it appropriate for offsets to total contributions in respect of any surplus to be allowed where the employer has a deficit on their termination assumptions, unless there is compelling reason to do so.
- Where warranted by an employer's circumstances, the Administering Authority retains the discretion to apply a discount rate based on a lower risk investment strategy for that employer to protect the Fund as a whole. Such cases will be determined by the Section 151 Officer and reported to the Committee.
- The target deficit recovery/surplus offset period for the Fund as a whole will reduce by three years, to 13 years at the 2019 valuation, so as to maintain same "end point". For individual employers who are open to new members, subject to consideration of affordability, as a general rule the deficit recovery/surplus offset period will reduce by 3 years for employers at this valuation when compared to the preceding valuation. This is to target full solvency over a similar (or shorter) time horizon. Employers will have the freedom to adopt a deficit recovery plan based

on a shorter period if they so wish. Subject to affordability considerations and other factors, a bespoke period may be applied in respect of particular employers where the Administering Authority considers this to be warranted (see Recovery Plan in **Appendix B**).

- Individual employer contributions will be expressed and certified as two separate elements:
- the **Primary rate**: a percentage of pensionable payroll in respect of the cost of the future accrual of benefits
- the **Secondary rate**: a schedule of lump sum monetary amounts over 2020/23 in respect of an employer's surplus or deficit (the Secondary rate may be expressed as a percentage of pensionable payroll in cases where there is a funding surplus)
- For any employer, the total contributions they are actually required to pay in any one year is the sum of the Primary and Secondary rates (subject to an overall minimum of zero). Both elements are subject to further review from April 2023 based on the results of the 2022 actuarial valuation.
- Where increases in employer contributions are required from 1 April 2020, following completion of the 2019 actuarial valuation, if the Administering Authority agrees then the increase from the rates of contribution payable in the year 2020/21 may be implemented in steps, over a maximum period of 3 years.

Employers exiting the fund

On the cessation of an employer's participation in the Fund, in accordance with the Regulations, the Fund Actuary will be asked to make a termination assessment. In such circumstances the approach will depend on whether the employer has a guarantor in the in Fund:

Termination with no guarantor

Where there is no guarantor who could subsume the liabilities of the exiting employer, the Fund's policy on assessing the termination position is as follows:

Employers with no guarantor in the Fund who joined prior to 1 July 2012	Employers with no guarantor in the Fund who joined after 1 July 2012
Using a corporate bond basis, with the discount rate based on the long-dated Sterling AA Corporate Bond yield of appropriate duration and allowing for a more prudent assessment of future mortality trends.	Using a "least risk" funding basis based on government bonds of appropriate duration and allowing for a more prudent assessment of future mortality trends.

In the case of a deficit, the Fund would normally require the exiting employer to pay the termination deficit to the Fund as an immediate lump sum cash payment (unless agreed otherwise by the Administering Authority at their sole discretion) following completion of the termination process.

In the case of a surplus, the Fund pays the exit credit to the exiting employer following completion of the termination process (within 6 months of cessation or such longer period as may be agreed in the individual case). This is subject to the exiting employer providing enough notice to the Fund of their intent to exit; any delays in notification will impact on the payment date.

Termination with a guarantor

Where there is a guarantor who will subsume the liabilities in full, the termination position is assessed using an "ongoing" valuation basis so consistent with the funding target assumptions. Where a guarantee takes any other form, the assessment will use the "no guarantor" approach outlined above.

a) **No "risk sharing"**

A "risk sharing" arrangement in this instance is a situation where the guarantor, rather than the exiting employer, is responsible for the termination payment.

Where there is no risk sharing, in the event of a deficit, the Fund will seek to recover this from the exiting employer in the first instance. However, if this is not possible, then to maintain a consistent approach between treatment of surplus and deficit, the Fund will then seek to recover the deficit from the guarantor via an additional cash payment, unless otherwise agreed with the Administering Authority. In the case of a surplus, the Fund will pay the exit credit to the exiting employer once the risk sharing position has been determined.

b) "Risk sharing" applies

The default position is that any assets, liabilities and deficit or surplus would be subsumed by the guarantor and taken into account at the following valuation, unless representation is made by the relevant parties in line with the regulations (as set out below).

Where the employer has a guarantor, the Administering Authority will need to determine whether a) or b) applies. In that case they will:

- contact both the exiting employer and the guarantor to confirm whether there is a "risk-sharing" arrangement in place, and to ask for any evidence of this

- where both sides agree, the termination assessment will be progressed in line with the standard approach

- otherwise, the Fund's normal policy will be to proceed assuming the exiting employer is responsible for any termination payment, and so is entitled to any exit credit

Once the termination assessment is complete, the two parties will be notified of the outcome. At that point either party will have 1 month to dispute the outcome. If this happens then payment of any exit credit will be put on hold, and the two parties will be expected to resolve the dispute between themselves, without input from the Fund. The Fund will not become involved in any dispute between the two parties until all other avenues have been explored. The following arrangements will apply in respect of disputes raised with the Fund:

- In the case of a surplus, in line with the amending Regulations (The Local Government Pension Scheme (Amendment) Regulations 2020) the parties will need to make formal representations to the Administering Authority if they believe an Exit Credit should be paid outside the policy set out above, or if they dispute the determination of the Administering Authority. The Fund will notify the parties of the information required to make the determination on request.

- If the Fund determines an Exit Credit is payable, then they will pay this directly to the exiting employer within 6 months of completion of the final cessation assessment by the Actuary.

- In the case of a deficit, in order to maintain a consistent approach, the Fund will seek to recover this from the exiting employer in the first instance and if this fails, the matter will be referred to the guarantor. If neither the Fund nor the guarantor succeeds in recovering the deficit, then the deficit will be recovered from the guarantor either as a further contribution collection or at the next valuation depending on the circumstances.

If requested, the Administering Authority will provide details of the information considered as part of the determination. A determination

notice will be provided alongside the termination assessment from the Actuary. The notice will cover the following information and process steps:

1. Details of the employers involved in the process (e.g. the exiting employer and guarantor).
2. Details of the admission agreement, commercial contracts and any amendments to the terms that have been made available to the Administering Authority and considered as part of the decision-making process. The underlying principle will be that if an employer is responsible for a deficit, they will be eligible for any surplus. This is subject to the information provided and any risk sharing arrangements in place.
3. The final certification of the exit credit by the Actuary.
4. The Administering Authority's determination based on the information provided.
5. Details of the appeals process in the event that a party disagrees with the determination and wishes to make representations to the Administering Authority.

In some instances, the outgoing employer may only be responsible for part of the residual deficit or surplus as per the separate risk sharing agreement. The default is that any surplus would be retained by the Fund in favour of the outsourcing employer/guarantor unless the commercial contract or other arrangements dictate otherwise and the Fund is aware of this or representation is made by the relevant parties in line with the Regulations (as noted above). For the avoidance of doubt, the fund's default position will be that where the outgoing employer is not responsible for any termination costs under a risk sharing agreement then no exit credit will be paid as per the Regulations, provided that the guarantor makes the Fund aware of the provisions of the risk sharing agreement in any representation made. Any deviation from the default position will be considered on its merits based on the information provided by the relevant parties.

The Fund may seek to recover any costs associated with the dispute resolution process as part of the final termination settlement.

In the event of parties unreasonably seeking to crystallise the exit credit on termination, the Fund will consider its overall policy and seek to recover termination deficits as opposed to allowing them to be subsumed with no impact on contribution requirements until the next assessment of the contribution requirements for the guarantor. Equally where a guarantor decides not to underwrite the residual liabilities the basis of assessment on termination will assume the liabilities are orphaned and thus the minimum risk basis will apply.

Managing the exit payment / credit, and alternatives to termination

The default policy is that any termination payment due is paid in full following the final assessment. However, the regulations give power to the Administering Authority to use its discretion to allow alternative approaches and these will be considered where this is in the best interest of the Fund. These are:

Suspension	Spreading	Deferred Debt Agreement
Issue a "suspension notice" if the employer is likely to have active members in the near future	Allow the termination payment to be spread over an agreed period	To allow the employer to remain in the Fund under a "Deferred Debt Agreement" (DDA)

The Fund's Employer Events Framework Policy Document includes more detail on the termination process, and in particular the options available around managing termination and termination payments, and the relevant sections of that policy document will be deemed to be part of this FSS.

Funding for non-ill health early retirement costs

Employers are required to meet all costs of early retirement strain by immediate capital payments into the Fund.

6. Link to investment policy and the Investment strategy statement (ISS)

The results of the 2019 valuation show the liabilities to be 94% covered by the current assets, with the funding deficit of 6% being covered by future deficit contributions.

In assessing the value of the Fund's liabilities in the valuation, allowance has been made for growth asset out-performance as described below, taking into account the investment strategy adopted by the Fund, as set out in the ISS.

It is not possible to construct a portfolio of investments which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio which represents the "minimum risk" investment position which would deliver a very high certainty of real returns above assumed CPI inflation. Such a portfolio would consist of a mixture of long-term index-linked, fixed interest gilts and possible swaps.

Investment of the Fund's assets in line with this portfolio would minimise fluctuations in the Fund's funding position between successive actuarial valuations.

If, at the valuation date, the Fund had been invested in this portfolio, then in carrying out this valuation it would not be appropriate to make any allowance for growth assets out-performance. This would result in real return of less than CPI at the valuation date. On this basis of assessment, the assessed value of the Fund's liabilities at the valuation would have been significantly higher, resulting in a funding level of 54%.

Departure from a minimum risk investment strategy, in particular to include growth assets such as equities, gives a better prospect that the assets will, over time, deliver returns in excess of CPI inflation and reduce the contribution requirements. The target solvency position of having sufficient assets to meet the Fund's pension obligations might in practice therefore be achieved by a range of combinations of funding plan, investment strategy and investment performance.

The current strategy is:

Asset Class	Allocation	Control ranges
Total Equities	**47.0**	**42.0-52.0**
Unconstrained global equities**	11.0	8.0-14.0
UK equities	8.0	5.5-10.5
Passive equities (100% hedged to GBP) *	28.0	22.0-34.0
Total alternatives	**25.5**	**20.5-30.5**
European (inc UK) property	5.0	n/a
Private equity	5.0	n/a
Infrastructure	3.0	n/a
Fund of hedge funds	7.5	n/a
Insurance-linked securities	1.5	n/a
Property debt	3.5	n/a
Total bonds	**27.5**	**22.5-32.5**
Liability driven investment (LDI)	3.5	2.0-5.0
Unconstrained bonds	24.0	20.0-28.0

**The Fund has implemented an equity derivatives program with Legal and General Investment Management in order to manage the SCPF's exposure to equity markets over the short to medium term. The strategy protects c£655m of equities with £140m of protection expiring in June 2021, another £215m in September 2021, and £300m in December 2021. The protection targeted is such that when expected dividend income is allowed for, total losses over the terms of the protection will be no greater than 3%, unless the extent of price losses are sufficiently large to result in total losses exceeding 23%, in which case the protection structure reduces the total return losses by 20%. The protection was funded by selling potential upside returns on the equity protected with the amount retained varying by region.*

***The Fund transferred its unconstrained active global equities to LGPS Central in March 2019.*

The investment strategy set out above and individual return expectations on those asset classes equate to an overall best estimate average expected return of 2.5% per annum in excess of CPI inflation as at 31 March 2019 i.e. a 50/50 change of achieving this real return. For the purposes of setting a funding strategy however, the Administering Authority believes that it is appropriate to take a margin for prudence on these return expectations (see further comment in Appendix A).

The Administering Authority is currently in the process of reviewing the investment strategy and this is expected to be completed later this year. The revised strategy will be reflected in the updated Investment Strategy Statement in due course and the next revision of the Funding Strategy Statement which is expected to be undertaken as part of the 2022 valuation of the Fund.

7. Identification of risks and countermeasures

The funding of defined benefits is by its nature uncertain. Funding of the Fund is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Administering Authority has been advised by the Fund Actuary that the greatest risk to the funding level is the investment risk inherent in the predominantly equity based strategy, so that actual asset out-performance between successive valuations could diverge significantly from that assumed in the long term.

Financial

The financial risks are as follows: -

- Investment markets fail to perform in line with expectations
- Market outlook moves at variance with assumptions
- Investment Fund Managers fail to achieve performance targets over the longer term
- Asset re-allocations in volatile markets may lock in past losses
- Pay and price inflation significantly more or less than anticipated
- Future underperformance arising as a result of participating in the larger asset pooling vehicle.

Any increase in employer contribution rates (as a result of these risks), may in turn impact on the service delivery of that employer and their financial position.

In practice the extent to which these risks can be reduced is limited. However, the Fund's asset allocation is kept under constant review and the performance of the investment managers is regularly monitored.

Demographic

The demographic risks are as follows: -

- Longevity horizon continues to expand
- Deteriorating pattern of early retirements (including those granted on the grounds of ill health)
- Unanticipated acceleration of the maturing of the Fund resulting in materially negative cashflows and shortening of liability durations
- The level of take-up of the 50:50 option at a higher or lower level than built into the actuarial assumptions.

Increasing longevity is something which government policies, both national and local, are designed to promote. It does, however, result in a greater liability for pension funds.

Apart from the regulatory procedures in place to ensure that ill-health retirements are properly controlled, **employing bodies should be doing everything in their power to minimise the number of ill-health retirements**. Early retirements for reasons of redundancy and efficiency do not affect the solvency of the Fund because they are the subject of a direct charge.

With regards to increasing maturity (e.g. due to further cuts in workforce and/or restrictions on new employees accessing the Fund), the Administering Authority regularly monitors the position in terms of cashflow requirements and considers the impact on the investment strategy.

Insurance of certain benefits

The contributions for any employer may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of any benefit costs being insured with a third party or internally within the Fund.

Regulatory

The key regulatory risks are as follows: -

- Changes to Regulations, e.g. changes to the benefits package, retirement age, potential new entrants to Fund,
- Changes to national pension requirements and/or HMRC Rules

Membership of the LGPS is open to all local government staff and should be encouraged as a valuable part of the contract of employment. However, increasing membership does result in higher employer monetary costs.

Governance

The Fund has done as much as it believes it reasonably can to enable employing bodies and Fund members (via their representatives on the Local Pension Board) to make their views known to the Fund and to participate in the decision-making process.

Governance risks are as follows: -

- The quality of membership data deteriorates materially due to breakdown in processes for updating the information resulting in liabilities being under or overstated
- Administering Authority unaware of structural changes in employer's membership (e.g. large fall in employee numbers, large number of retirements) with the result that contribution rates are set at too low a level
- Administering Authority not advised of an employer closing to new entrants, something which would normally require an increase in contribution rates
- An employer ceasing to exist with insufficient funding or adequacy of a bond. Where there is a guarantor body in place, any outstanding funding deficit that is not recovered from the outgoing employer / bond will need to be paid by the guarantor (or the assets and liabilities for the outgoing employer will need to be subsumed by the guarantor). For cases where there is no guarantor or bond in place, any outstanding funding deficit that is not recovered from the outgoing employer will need to be subsumed by the Fund as a whole and spread across all employers.
- Changes in the Committee membership.

For these risks to be minimised much depends on information being supplied to the Administering Authority by the employing bodies. Arrangements are strictly controlled and monitored, but in most cases the employer, rather than the Fund as a whole, bears the risk.

8. Monitoring and review

The Administering Authority has taken advice from the actuary in preparing this Statement and has consulted with the employers participating in the Fund.

A full review of this Statement will occur no less frequently than every three years, to coincide with completion of a full actuarial valuation. Any review will take account of the current economic conditions and will also reflect any legislative changes.

The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the triennial valuation process), for example, if there:

- has been a significant change in market conditions, and/or deviation in the progress of the funding strategy
- have been significant changes to the Fund membership, or LGPS benefits
- have been changes to the circumstances of any of the employing authorities to such an extent that they impact on or warrant a change in the funding strategy
- have been any significant special contributions paid into the Fund.

When monitoring the funding strategy, if the Administering Authority considers that any action is required, the relevant employing authorities will be contacted. In the case of admitted bodies, there is statutory provision for rates to be amended between valuations, but it is unlikely that this power will be invoked other than in exceptional circumstances.

Inter-valuation contribution reviews

The Regulations allow contributions to be reviewed and potentially revised between valuations at the Administering Authority's discretion, under the following scenarios:

Scenario 1	Scenario 2	Scenario 3
There has been a significant change in the employer's membership which will have a material impact on their liabilities	There has been a significant change in the employer's covenant	The Administering Authority is of the opinion that a change in circumstances means the employer is likely to exit the Fund

Scenarios 1 and 2 apply to "ongoing" employers, who are generally expected to remain in the Fund, and are reviewed on that basis. Reviews can be triggered by the Fund or requested by the employer.

Reviews will not take place where a) the funding position changes solely due to changes in market conditions (asset movements or assumption changes), b) the next actuarial valuation rates and adjustments certificate is less than 6 months away and membership changes would otherwise trigger a review (reviews in this period due to covenant changes may be considered), or c) where the Fund does not believe that a review is necessary or in the best interests of the Fund as a whole.

Scenario 3 employers who are "planning for exit" are expected to leave the Fund in the near future, and their review will take place on that basis, with a focus on achieving a fully funded position at termination.

Cost management and the mccloud judgement

The cost management process was set up by HMT, with an additional strand set up by the Scheme Advisory Board (for the LGPS). The aim of this was to control costs for employers and taxpayers via adjustments to benefits and/or employee contributions.

As part of this, it was agreed that employers should bear the costs/risks of external factors such as the discount rate, investment returns and inflation changes, whereas employees should bear the costs/risks of other factors such as wage growth, life expectancy changes, ill health retirement experience and commutation of pension.

The outcomes of the cost management process were expected to be implemented from 1 April 2019, based on data from the 2016 valuations for the LGPS. This was put on hold due to age discrimination cases brought in respect of the firefighters and judges' schemes, relating to protections provided when the public sector schemes were changed (which was on 1 April 2014 for the LGPS and 1 April 2015 for other Schemes). The process has now commenced again, but no outcomes are available yet.

It is not known how these cases will affect the LGPS or the cost management process at this time. The Scheme Advisory Board issued guidance which sets out how the McCloud case should be allowed for within the 2019 valuation.

The potential impact of the judgement (based on the information available at the time) has been quantified and communicated to employers as part of the 2019 valuation. Employers will be able to choose to include these estimated costs over 2020/23 in their certified contributions. Alternatively, they will need to make allowance within their budgets and note that additional contributions could be payable if the remedy is known before the next valuation.

Appendix A - ACTUARIAL METHOD AND ASSUMPTIONS

Method

The actuarial method to be used in the calculation of the solvency funding target is the Projected Unit method, under which the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service. This method implicitly allows for new entrants to the Fund on the basis that the overall age profile of the active membership will remain stable. As a result, for those employers which are closed to new entrants, an alternative method is adopted, which makes advance allowance for the anticipated future ageing and decline of the current closed membership group potentially over the period of the rates and adjustments certificate.

Financial assumptions – solvency Funding target

Investment return (discount rate)

The discount rate has been derived based on the expected return on the Fund assets base on the long-term strategy set out in the Investment Strategy Statement (ISS). It includes appropriate margins for prudence. When assessing the appropriate discount rate consideration has been given to the returns in excess of CPI inflation (as derived below). The discount rate at the valuation has been derived based on an assumed return of 1.85% per annum above CPI inflation i.e. a real return of 1.85% per annum, equating to a total discount rate of 4.25% per annum. This real return will be reviewed from time to time based on the investment strategy, market outlook and the Fund's overall risk metrics.

Where warranted by an employer's circumstances, the Administering Authority retains the discretion to apply a discount rate based on a lower risk investment strategy for that employer to protect the Fund as a whole.

Inflation (Consumer Prices Index)

The inflation assumption will be taken to be the investment market's expectation for RPI inflation as indicated by the difference between yields derived from market instruments, principally conventional and index-linked UK Government gilts as at the valuation date, reflecting the profile

and duration of the Fund's accrued liabilities, but subject to the following two adjustments:

- an allowance for supply/demand distortions in the bond market is incorporated, and
- an adjustment due to retirement pensions being increased annually by the change in the Consumer Price Index rather than the Retail Price Index

The overall reduction to RPI inflation at the 2019 valuation date was 1.0% per annum. However, this was in advance of the Government's decision to move RPI in line with CPIH from 2030 – this decision will act to reduce the gap between RPI and CPI from that point on. Therefore, this assumption will be reviewed and updated periodically as needed by the Fund Actuary.

Salary increases

In relation to benefits earned prior to 1 April 2014, the assumption for real salary increases (salary increases in excess of price inflation) will be determined by an allowance of 1.25% p.a. over the inflation assumption as described above. This includes allowance for promotional increases.

Pension increases/Indexation of CARE benefits

Increases to pensions are assumed to be in line with the inflation (CPI) assumption described above. This is modified appropriately to reflect any benefits which are not fully indexed in line with the CPI (e.g. Guaranteed Minimum Pensions where the LGPS is not required to provide full indexation).

Demographic assumptions

Mortality/Life Expectancy

The mortality in retirement assumptions will be based on the most up-to-date information in relation to self-administered pension schemes published by the Continuous Mortality Investigation (CMI), making allowance for future improvements in longevity and the experience of the Fund. The mortality tables used are set out below, with a loading reflecting Fund specific experience. The derivation of the mortality assumption is set out in a separate paper as supplied by the Actuary. For all members, it is assumed that the accelerated trend in longevity seen in

recent years will continue in the longer term and as such, the assumptions build in a minimum level of longevity 'improvement' year on year in the future in line with the CMI projections with a long-term improvement trend of 1.5% per annum.

The mortality before retirement has also been adjusted based on LGPS wide experience.

Commutation

It has been assumed that, on average, 50% of retiring members will take the maximum tax-free cash available at retirement and 50% will take the standard 3/80ths cash sum. The option which members must commute part of their pension at retirement in return for a lump sum is a rate of £12 cash for each £1 p.a. of pension given up.

Other Demographics

Following an analysis of Fund experience carried out by the Actuary, the incidence of ill health retirements, withdrawal rates and the proportions married/civil partnership assumption have been modified from the last valuation. In addition, no allowance will be made for the future take-up of the 50:50 option (an allowance of 10% of current and future members (by payroll) for certain employers was made at the last valuation). Where any member has opted for the 50:50 scheme, this will be allowed for in the assessment of the rate for the next 3 years. Other assumptions are as per the last valuation.

Expenses

Expenses are met out the Fund, in accordance with the Regulations. This is allowed for by adding 0.6% of pensionable pay to the contributions as required from participating employers. This addition is reassessed at each valuation. Investment expenses have been allowed for implicitly in determining the discount rates.

Discretionary Benefits

The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the Regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation

Method and assumptions used in calculating the cost of future accrual (or primary rate)

The future service liabilities are calculated using the same assumptions as the funding target except that a different financial assumption for the discount rate is used. A critical aspect here is that the Regulations state the desirability of keeping the "Primary Rate" (which is the future service rate) as stable as possible so this needs to be considered when setting the assumptions.

As future service contributions are paid in respect of benefits built up in the future, the FSR should take account of the market conditions applying at future dates, not just the date of the valuation, thus it is justifiable to use a slightly higher expected return from the investment strategy. In addition, the future liabilities for which these contributions will be paid have a longer average duration than the past service liabilities as they relate to active members only.

The financial assumptions in relation to future service (i.e. the normal cost) are not specifically linked to investment conditions as at the valuation date itself, and are based on an overall assumed real discount rate of 2.25% per annum above the long term average assumption for consumer price inflation of 2.4% per annum, giving a total discount rate of 4.65% per annum.

Employer asset shares

The Fund is a multi-employer pension Fund that is not formally unitised and so individual employer asset shares are calculated at each actuarial valuation. This means it is necessary to make some approximations in the timing of cashflows and allocation of investment returns when deriving the employer asset share.

In attributing the overall investment performance obtained on the assets of the Fund to each employer a pro-rata principle is adopted. This approach is effectively one of applying a notional individual employer investment strategy identical to that adopted for the Fund as a whole unless agreed otherwise between the employer and the Fund at the sole discretion of the Administering Authority.

At each review, cashflows into and out of the Fund relating to each employer, any movement of members between employers within the

Fund, along with investment return earned on the asset share, are allowed for when calculating asset shares at each valuation.

Other adjustments are also made on account of the funding positions of orphan bodies which fall to be met by all other active employers in the Fund.

Summary of key whole Fund assumptions used for calculating funding target and cost of future accrual (the "primary rate") for the 2019 actuarial valuation

Long-term yields	
Market implied RPI inflation	3.4% p.a.
Solvency Funding Target financi assumptions	
Investment return/Discount Rate	4.25% p.a.
CPI price inflation	2.4% p.a.
Long Term Salary increases	3.65% p.a.
Pension increases/indexation of CARE benefits	2.4% p.a.
Future service accrual financial assumptions	
Investment return/Discount Rate	4.65% p.a.
CPI price inflation	2.4% p.a.
Long Term Salary increases	3.9% p.a.
Pension increases/indexation of CARE benefits	2.4% p.a.

Life expectancy assumptions

The post retirement mortality tables adopted for this valuation, along with sample life expectancies, are set out below:

	Base Table	Improvements	Adjustment (M / F)
Current pensioners:			
Normal health	S3PA	CMI_2018 [1.5%]	93% / 88%
Ill-health	S3PA	CMI_2018 [1.5%]	115% / 126%
Dependents	S3PMA / S3DFA	CMI_2018 [1.5%]	124% / 87%
Future dependents	S3PMA / S3DFA	CMI_2018 [1.5%]	119% / 106%
Current active / deferred:			
Active normal health	S3PA	CMI_2018 [1.5%]	98% / 90%
Active ill-health	S3PA	CMI_2018 [1.5%]	116% / 139%
Deferred	S3PA	CMI_2018 [1.5%]	117% / 104%
Future dependents	S3PMA / S3DFA	CMI_2018 [1.5%]	126% / 113%

Other demographic assumptions are set out in the Actuary's formal report.

Appendix B – employer recovery plans

As the assets of the Fund are less than the liabilities at the effective date, a recovery plan needs to be adopted such that additional contributions are paid into the Fund to meet the shortfall.

Deficit contributions paid to the Fund by each employer will be expressed as £s amounts and it is the Fund's objective that any funding deficit is eliminated as quickly as the participating employers can reasonably afford based on the Administering Authority's view of the employer's covenant and risk to the Fund. However, some employers have funding surpluses and in these cases any "surplus offset" will normally be determined as a percentage of pensionable pay.

Recovery periods will be set by the Fund on a consistent basis across employer categories where possible and communicated as part of the discussions with employers. This will determine the minimum contribution requirement and employers will be free to select any shorter deficit recovery period and higher contributions if they wish, including the option of prepaying the deficit contributions in one lump sum (either on annual basis or a one-off payment). This will be reflected in the monetary amount requested via a reduction in overall £ deficit contributions payable.

The determination of the target recovery periods is summarised in the table below. Individual employer circumstances may dictate that a different recovery period is applied in specific cases:

Category	Target Recovery Period	Derivation
Fund Employers	13 years	Determined by reducing the recovery period from the preceding valuation by 3 years.
Open Admitted Bodies	13 years	Determined by reducing the recovery period from the preceding valuation by 3 years.
Closed Employers	Based on the future working lifetime of the membership	Determined by the future working life of the membership.
Employers with a limited participation in the Fund	Determined on a case by case basis	Length of expected period of participation in the Fund

In determining the actual recovery period to apply for any particular employer or employer grouping, the Administering Authority may take into account some or all of the following factors:

- The size of the funding shortfall;
- The business plans of the employer;
- The assessment of the financial covenant of the Employer, and security of future income streams;
- Any contingent security available to the Fund or offered by the Employer such as guarantor or bond arrangements, charge over assets, etc.

The objective is to recover any deficit over a reasonable timeframe, and this will be periodically reviewed. Subject to affordability considerations a key principle will be to maintain the contributions at the expected monetary levels from the preceding valuation (allowing for any indexation in deficit payments over the recovery period).

Other factors affecting the Employer Recovery Plans

As part of the process of agreeing funding plans with individual employers, the Administering Authority will consider the use of contingent assets and other tools such as bonds or guarantees that could assist employing bodies in managing the cost of their liabilities or could provide the Fund with greater security against outstanding liabilities. All other things equal this could result in a longer recovery period being acceptable

to the Administering Authority, although employers will still be expected to at least cover expected interest costs on the deficit.

For an employer without a guarantor in the Fund, any surplus offset will normally only be allowed to the extent that the employer has a surplus on its termination basis.

It is acknowledged by the Administering Authority that, whilst posing a relatively low risk to the Fund as a whole, a number of smaller employers may be faced with significant contribution increases that could seriously affect their ability to function in the future. The Administering Authority therefore would be willing to use its discretion to accept an evidenced based affordable level of contributions for the organisation for the three years 2020/23. Any application of this option is at the ultimate discretion of the Fund officers and Section 151 officer in order to effectively manage risk across the Fund. It will only be considered after the provision of the appropriate evidence as part of the covenant assessment and also the appropriate professional advice.

For those bodies identified as having a weaker covenant, the Administering Authority will need to balance the level of risk plus the solvency requirements of the Fund with the sustainability of the organisation when agreeing funding plans. As a minimum, the annual deficit payment must meet the on-going interest costs to ensure, everything else being equal, that the deficit does not increase in monetary terms.

Notwithstanding the above, the Administering Authority, in consultation with the actuary, has also had to consider whether any exceptional arrangements should apply in particular cases.

Appendix C – Glossary

Actuarial Valuation: an investigation by an actuary into the ability of the Fund to meet its liabilities. For the LGPS the Fund Actuary will assess the funding level of each participating employer and agree contribution rates with the administering authority to fund the cost of new benefits and make good any existing deficits as set out in the separate Funding Strategy Statement. The asset value is based on market values at the valuation date.

Administering Authority: the council with a statutory responsibility for running the Fund and that is responsible for all aspects of its management and operation.

Admission bodies: A specific type of employer under the Local Government Pension Scheme (the "LGPS") who do not automatically qualify for participation in the Fund but are allowed to join if they satisfy the relevant criteria set out in the Regulations.

Benchmark: a measure against which fund performance is to be judged.

Best Estimate Assumption: an assumption where the outcome has a 50/50 chance of being achieved.

Bonds: loans made to an issuer (often a government or a company) which undertakes to repay the loan at an agreed later date. The term refers generically to corporate bonds or government bonds (gilts).

Career Average Revalued Earnings Scheme (CARE): with effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (in line with the annual change in the Consumer Prices Index) over the period to retirement.

CPI: acronym standing for "Consumer Prices Index". CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. The reference goods and services differ from those of RPI. These goods are expected to provide lower, less volatile inflation increases. Pension increases in the LGPS are linked to the annual change in CPI.

Covenant: the assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension

obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term or affordability constraints in the short term.

Deficit: the extent to which the value of the Fund's past service liabilities exceeds the value of the Fund's assets. This relates to assets and liabilities built up to date, and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).

Deferred Debt Agreement (DDA): A written agreement between the Administering Authority and an exiting Fund employer for that employer to defer their obligation to make an exit payment and continue to make contributions at the assessed Secondary rate until the termination of the DDA.

Deferred Employer: An employer that has entered into a DDA with the Fund.

Discount Rate: the rate of interest used to convert a cash amount e.g. future benefit payments occurring in the future to a present value.

Employer's Future Service Contribution Rate: the contribution rate payable by an employer, expressed as a % of pensionable pay, as being sufficient to meet the cost of new benefits being accrued by active members in the future. The cost will be net of employee contributions and will include an allowance for the expected level of administrative expenses.

Employing bodies: any organisation that participates in the LGPS, including admission bodies and Fund employers.

Equities: shares in a company which are bought and sold on a stock exchange.

Fund / Scheme Employers: employers that have the statutory right to participate in the LGPS. These organisations (set out in Part 1 of Schedule 2 of the 2013 Regulations) would not need to designate eligibility, unlike the Part 2 Fund Employers.

Funding or solvency Level: the ratio of the value of the Fund's assets and the value of the Fund's liabilities expressed as a percentage.

Funding Strategy Statement: this is a key governance document that outlines how the administering authority will manage employer's contributions and risks to the Fund.

Government Actuary's Department (GAD): the GAD is responsible for providing actuarial advice to public sector clients. GAD is a non-ministerial department of HM Treasury.

Guarantee / guarantor: a formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's covenant to be as strong as its guarantor's.

Investment Strategy: the long-term distribution of assets among various asset classes that takes into account the Funds objectives and attitude to risk.

Letting employer: an employer that outsources part of its services/workforce to another employer, usually a contractor. The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer.

Liabilities: the actuarially calculated present value of all benefit entitlements i.e. Fund cashflows of all members of the Fund, built up to date or in the future. The liabilities in relation to the benefit entitlements earned up to the valuation date are compared with the present market value of Fund assets to derive the deficit and funding/solvency level. Liabilities can be assessed on different set of actuarial assumptions depending on the purpose of the valuation.

LGPS: the Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements.

Maturity: a general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.

Members: The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees).

Minimum risk basis: an approach where the discount rate used to assess the liabilities is determined based on the market yields of Government bond investments based on the appropriate duration of the liabilities being assessed. This is usually adopted when an employer is exiting the Fund.

Orphan liabilities: liabilities in the Fund for which there is no sponsoring employer within the Fund. Ultimately orphan liabilities must be underwritten by all other employers in the Fund.

Percentiles: relative ranking (in hundredths) of a particular range. For example, in terms of expected returns a percentile ranking of 75 indicates that in 25% of cases, the return achieved would be greater than the figure, and in 75% cases the return would be lower.

Phasing/stepping of contributions: when there is an increase/decrease in an employer's long term contribution requirements, the increase in contributions can be gradually stepped or phased in over an agreed period. The phasing/stepping can be in equal steps or on a bespoke basis for each employer.

Pooling: employers may be grouped together for the purpose of calculating contribution rates, (i.e. a single contribution rate applicable to all employers in the pool). A pool may still require each individual employer to ultimately pay for its own share of deficit, or (if formally agreed) it may allow deficits to be passed from one employer to another.

Prepayment: the payment by employers of contributions to the Fund earlier than that certified by the Actuary. The amount paid will be reduced in monetary terms compared to the certified amount to reflect the early payment.

Present Value: the value of projected benefit payments, discounted back to the valuation date.

Profile: the profile of an employer's membership or liability reflects various measurements of that employer's members, i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs their salary levels, etc.

Prudent Assumption: an assumption where the outcome has a greater than 50/50 chance of being achieved i.e. the outcome is more likely to be

overstated than understated. Legislation and Guidance requires the assumptions adopted for an actuarial valuation to be prudent.

Rates and Adjustments Certificate: a formal document required by the LGPS Regulations, which must be updated at least every three years at the conclusion of the formal valuation. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the three year period until the next valuation is completed.

Real Return or Real Discount Rate: a rate of return or discount rate net of (CPI) inflation.

Recovery period: the target length of time over which the current deficit or surplus is intended to be paid off. A shorter period will give rise to a higher annual contribution in the case of a deficit, and vice versa.

Recovery Plan: a strategy by which an employer will make up a funding deficit over a specified period of time ("the recovery period"), as set out in the Funding Strategy Statement.

Scheduled bodies: types of employer explicitly defined in the LGPS Regulations, whose employers must be offered membership of their local LGPS Fund. These include Councils, colleges, universities, police and fire authorities etc, other than employees who have entitlement to a different public sector pension scheme (e.g. teachers, police and fire officers, university lecturers).

Section 13 Valuation: in accordance with Section 13 of the Public Service Pensions Act 2014, the Government Actuary's Department (GAD) have been commissioned to advise the Department for Communities and Local Government (DCLG) in connection with reviewing the 2016 LGPS actuarial valuations. All LGPS Funds therefore will be assessed on a standardised set of assumptions as part of this process.

Solvency Funding Target: an assessment of the present value of benefits to be paid in the future. The desired funding target is to achieve a solvency level of a 100% i.e. assets equal to the accrued liabilities at the valuation date assessed on the ongoing concern basis.

Valuation funding basis: the financial and demographic assumptions used to determine the employer's contribution requirements. The relevant discount rate used for valuing the present value of liabilities is consistent with an expected rate of return of the Fund's investments.

This includes an expected out-performance over gilts in the long-term from other asset classes, held by the Fund.

50/50 Scheme: in the LGPS, active members are given the option of accruing a lower personal benefit in the 50/50 Scheme, in return for paying a lower level of contribution.

Public Sector: Pensions Dashboards

An introduction to Pensions Dashboards and the impact upon Public Service Pension Schemes

Background

In the 2016 Budget, the Government made a commitment that **Pensions Dashboards** would be created by the pensions industry, enabling pension savers to view details of all of their pensions together.

In 2019, the **Money and Pensions Service (MaPS)** established the **Pensions Dashboards Programme (PDP)** to design and implement the infrastructure that will make Pensions Dashboards work.

The **Pension Schemes Act 2021** provides a legal framework for Pensions Dashboards, including new powers to compel schemes to provide information to dashboard providers. Detailed requirements of what must be provided, when and how will be set out in regulations.

What do I need to know?

This note provides background information on Pensions Dashboards. The key facts for public service pension schemes are:

1. Dashboards are coming, and public service pension schemes are expected to go live between April 2023 and April 2025.
2. Initially there will be one MaPS dashboard, but further dashboards from commercial providers will follow.
3. All members who are not in receipt of their benefits are expected to be able to see their information. Pensioners will not be included.
4. Many requirements are still unknown, so definitive actions and decisions by schemes and providers are some way off.
5. The majority of the hard work will be done by administrators, but key pension fund decision makers will still need to be involved, as will advisers such as actuaries and lawyers.
6. Pragmatism will be essential - data and calculations will not be perfect at the outset; settling in will take time.
7. Some early adopters will test processes during 2022, leading to learnings for other schemes and providers to use.
8. Costs will be met by the industry, which ultimately means pension schemes, employers and the taxpayer.

The rest of this note provides further information on these points.

Why bring you this note?

To introduce you to Pensions Dashboards, including how they will operate, the requirements which will need to be met by schemes and when.

What do public service pension schemes need to do now?

For most schemes there is no immediate action other than general data preparedness. There remains significant uncertainty on the requirements of Pensions Dashboards before definitive decisions can be taken.

Next steps

- Get your house in order to enable your data to be 'dashboard ready'. This may include clearing a deferred backlog or engaging with members holding a frozen refund to encourage them to be paid.
- Discuss with your software supplier and external administrator (if outsourced) how and when they are preparing for the advent of Pensions Dashboards.
- Consider your current assessment of scheme data and calculations – availability and accuracy.

Events

We will be hosting a webinar on 6 October and a roundtable event on 9 November. Please see **below** for further details

Prepared for: Public Sector Pension Schemes
Prepared by: Aon
Date: 31 August 2021

What is a Pensions Dashboard?

The Pensions Dashboards will provide deferred and active scheme members with access to specific information in respect of all of their approved UK pension arrangements in one place. Information expected to be set out on the Pensions Dashboards includes:

- Basic pension details – e.g. name and type of scheme, administrator, contact details etc
- Employment details
- Accrued pension
- Estimated Retirement Income
- State pensions

The primary drivers of the dashboard's project are to reconnect members with lost pension schemes and provide scheme members with some basic information about all their pensions in one place.

The vision of the Pensions Dashboards Programme couldn't be simpler: ***"To enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement and growing financial wellbeing"***

Chris Curry, Principal of the Pensions Dashboards Programme

However, Pensions Dashboards will have limited functionality, at the outset at least, with no ability to model benefit options and no way for individuals to change records. Therefore, the Pensions Dashboards are not expected to be a replacement for other online tools such as any member on-line functionality that schemes may already have in place. At this stage even the core information outlined above is still to be confirmed.

What will pension schemes have to do?

Pension schemes will be required to collate the various information that dashboards are expected to show and construct an interface with the wider dashboards systems so that the data can ultimately be made available to members.

In practice, most public service pension schemes will rely on their software supplier or third-party administrator to provide this functionality. However, there will be a lot of work for the administrator (in-house or third-party) in ensuring accuracy of data and testing that functionality.

When will schemes need to do this by?

Timescales are yet to be finalised and may only be known for certain during 2022. However, the PDP have indicated that Pensions Dashboards are expected to be operational from 2023 but will only be made publicly available when:

- The **security** of the ecosystem is fully assured;
- The **user experience** has been tested;
- **User behaviours** have been understood and any adverse impacts or unintended consequences mitigated;
- The right **rules and regulations** are in place; and
- The service has **enough coverage** of pension providers/schemes and enough information about those pensions, so that it demonstrably meets a user need and is useful to a majority of people.

Schemes are expected to be brought onto the Pensions Dashboards programme in stages with all public service pension schemes expected to go live between April 2023 and April 2025, with the largest schemes towards the start of that period.

How will it work?

There will be no central database that holds personal information supplied by users or pension providers. Instead, the ecosystem functions like a giant switchboard, connecting users with their pensions via dashboards. The steps of how this will work in practice are set out below:

Register and verify identity

An individual will register with a Pensions Dashboard. The individual's identity will then be verified and passed to the "Pension Finder Service".

1

Pension Finder Service

The Pension Finder Service sends the individual's details to all pension providers in search of 'matches'. It is estimated that every pension scheme could receive up to 20,000 enquiries a day, most of which will not be in respect of their members.

2

Matching

If a pension provider holds a pension for the individual the pension provider will send back a "token" to the Pension Finder Service who will collect all tokens for that individual and send back to the Pensions Dashboard on which the individual registered.

3

View information

The Pension Dashboards sends the token to the pension provider which generated it and the pension provider then sends the individual's data directly to the Pensions Dashboards for the individual to view.

4

Administration Considerations

It will be a legal responsibility for schemes to connect to the Pensions Dashboards. Schemes will therefore be responsible for ensuring the appropriate systems and technology are in place to interact with the Pensions Dashboards securely. In practice, this is likely to mean working closely with their software provider.

Schemes will need to understand the suitability of their scheme data for the purpose of the Pensions Dashboards, the extent to which calculations can be made available to provide retirement estimates, and the work required to fill any gaps. We expect that the data required for displaying estimated retirement income will mirror the data that is supplied within the Annual Benefits Statements.

There may also be wider consequences for administration. If the Pensions Dashboards do reconnect members with their pensions then day - to - day administration activity levels could increase, particularly in the period immediately after dashboards go live.

Most third - party administrators are actively considering these issues but are still at an early stage of development due to the lack of detailed information. In particular, despite the proposed timescales outlined above, there are still substantial uncertainties around the dashboard infrastructure, digital identity assurance, matching protocols, GDPR compliance, response times, mandatory data items, calculation requirements and liability implications.

In-house administration teams (which represent the majority of LGPS funds) will need to deal with similar issues and should consider at an early stage what additional resources or support they may need.

Aon is working with industry groups, including directly with the PDP, to lobby for clarity in these areas, so that we can develop solutions for the schemes we advise and administer. In the meantime, seven large pension providers have volunteered to connect to the Dashboards infrastructure from the end of 2022, including Aquila Heywood and Capita, with the intention that the experience will help create a smoother onboarding process for subsequent providers and schemes.

What can public sector schemes be doing now to prepare?

The PDP are expected to issue its response to the Call for Input, which welcomed industry views on the outlined proposals for the order and timing of when data providers will connect to the dashboard, in the coming weeks. This will hopefully clear up some of the uncertainty around certain data elements. However, schemes could start preparing their data in the following ways:

- Ensure that **Common data items** (i.e. forename, surname, date of birth, NI number etc.) **are present and validated.**
- Undertake **tracing exercises** to locate missing members' addresses (which we know can be particular problem for deferred and frozen refund members).
- It is recognised that schemes may have built up a backlog of cases, particularly over the past 18 months as homeworking practices were implemented and resources were impacted by the pandemic. We suggest that **these backlogs are cleared** well ahead of Dashboard onboarding.
- It's common practice for LGPS funds to have significant numbers of frozen refunds. Given the potential difficulties of displaying the current value of a frozen refund, a proactive approach schemes could adopt is to **connect with frozen refund members in an attempt to get these paid** and extinguish the liability.

If you feel that your scheme would benefit from receiving some support in these areas or starting to **scope out your project management for implementing the dashboards**, then please get in touch with **Craig Payne** or your usual Aon contact.

Key date

We are planning on hosting a client webinar on **6 October** on Pensions Dashboards where we will be joined by Paul Noone who is the Pensions Dashboards Programme's Head of Onboarding. The registration details for the webinar will be issued shortly.

In addition to this, we are holding a roundtable event on **9 November** with specialists from Aon's Dashboards Working Group and we will again be joined by Paul Noone.

The roundtable will be invitation only **so please get in touch with Craig Payne as early as possible if you would like to join us for this event.**

What will implementing dashboards cost?

Pensions Dashboards will require substantial investment by the industry; building the infrastructure, readying data and calculation routines and connecting millions of records to dashboards. But until the requirements are clear, schemes will not have all the answers.

However, schemes will need to ensure that onboarding to the dashboard is part of their business plan for the next few years and budget put in place for any software costs, the work created as part of the onboarding process, and ongoing improvements and developments.

The Pensions Administration Standards Association (PASA) provided a (fictitious) case study within its response to the Call for Input, which can be found in Annex B of the response document. This is aimed to help Government and regulators to better understand the scale of the work ahead, but it also covers the major strands to the project as well as estimated timescales. Schemes may find this information very useful in scoping out their project plan to onboard onto PDP and understand the tasks ahead of them.

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