



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

Date: Thursday, 16th June 2022

Committee:
Pensions Committee

Date: Friday, 24 June 2022
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.

There will be some access to the meeting room for members of the press and public, but this will be limited for health and safety reasons. If you wish to attend the meeting, please email democracy@shropshire.gov.uk to check that a seat will be available for you.

The meeting can be viewed live via Microsoft Teams using the link below. The recording will be made available on YouTube, this will be made accessible from the web page for the meeting shortly afterwards.

<https://shropshire.gov.uk/pensionscommittee24june2022/>

Tim Collard
Assistant Director – Legal and Governance

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)
Byron Cooke (Employee Representative Telford & Wrekin Council)
Lindsay Short (Employee Representative Shropshire 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 Election of Chairman

To elect a Chairman for the forthcoming year.

2 Apologies and Substitutions

To receive apologies for absence and notification of any substitutions.

3 Appointment of Vice-Chairman

To appoint a Vice-Chairman for the forthcoming year.

4 Disclosable Pecuniary Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

5 Minutes of the Previous Meeting (Pages 1 - 8)

The Minutes of the meeting held on 18th March 2022 are attached for confirmation, marked 5.

Contact: Sarah Townsend (01743 257721)

6 Public Questions

To receive any questions or petitions from members of the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 5.00 p.m. on Monday, 20 June 2022.

7 Shropshire Pension Fund Audit Plan (Pages 9 - 28)

The report of Grant Thornton is attached, marked 7.

Contact: Grant Patterson (0121 232 5296)

8 Actuarial Valuation 2022

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

9 Corporate Governance Monitoring (Pages 29 - 94)

The report of the Investment Officer is attached, marked 9.

Contact: Ben Driscoll (01743 252079)

10 Pensions Administration Monitoring (Pages 95 - 108)

The report of the Pensions Administration Manager is attached, marked 10.

Contact: Debbie Sharp (01743 252192)

11 Exclusion of Press and Public

To consider a resolution under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to Agenda Items 12 to 16 shall not be conducted in public on the grounds that they involve the likely disclosure of exempt information as defined by the categories specified against them.

12 Exempt Minutes of the Previous Meeting (Exempted by Category 3) (Pages 109 - 112)

The exempt minutes of the meeting held on 18 March 2022 are attached for confirmation, marked 12.

Contact: Sarah Townsend (01743 257721)

13 Financial Markets and Equity Protection Update (Exempted by Category 3)

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

14 Investment Monitoring - Quarter to 31 March 2022 (Exempted by Category 3) (Pages 113 - 158)

The exempt report of the Head of Treasury and Pensions is attached, marked 14.

Contact: Justin Bridges (01743 252072)

15 Governance (Exempted by Category 3) (Pages 159 - 188)

The exempt report of the Pensions Administration Manager is attached, marked 15.

Contact: Debbie Sharp (01743 252192)

16 New Employers (Exempted by Category 3) (Pages 189 - 194)

The exempt report of the Pensions Administration Manager is attached, marked 16.

Contact: Debbie Sharp (01743 252192)

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Pensions Committee

24 June 2022

10.00 a.m.

**MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 18 MARCH 2022
10.00 AM - 1.00 PM**

Responsible Officer: Sarah Townsend

Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

Present:

Members of the Committee:

Councillor Thomas Biggins (Chairman)

Councillors Roger Evans, Simon Harris and Brian Williams

Co-Opted Members (Voting):

Councillors Rae Evans and Carolyn Healy

Co-Opted Members (Non-Voting):

Jean Smith and Lindsay Short

57 Apologies and Substitutions

Apologies were received from Mr Byron Cooke (Co-Opted Member, Non-Voting, Employee Representative).

Ms Lindsay Short (Co-Opted Member, Non-Voting, Employee Representative) was welcomed to her first meeting of the committee, having replaced Ms Laura Hoskison.

58 Disclosable Interests

None were declared.

59 Minutes of the Previous Meeting

Consideration was given to the minutes of the meeting held on 17 January 2022 and the following points were made:

- Minute 48 (Council Motion Report) page 4 – In terms of short and medium term plans and the need to set short term and medium term targets, it was requested that the minutes reflect that short term targets had been discussed as being eighteen months - two years and that it was important to not lose sight of what short term actually means.
- Minute 48 (Council Motion Report) page 4 – In terms of engagement with employers, reference be made to the fact that although engagement was for a

four week period, there were only a few responses. This may have been because employers had been written to during the summer holidays when schools were closed.

- Minute 48 (Council Motion Report) page 4 – There had been a discussion regarding how carbon is actually measured and this had not been included within the minutes, although it was acknowledged there was a further presentation on this at the meeting to address and discuss this further.

RESOLVED:

That with the above amendments, the minutes of the meeting held on 17 January 2022 be approved and signed by the Chairman as a correct record.

60 Public Questions

Two questions had been received from members of the public. Both questions were read out by the Head of Treasury and Pensions and the Executive Director of Resources provided a single response that covered both questions. A full copy of the questions and responses provided are attached to the web page for the meeting and also attached to the signed minutes.

61 Informing the Audit Risk Assessment for Shropshire County Pension Fund 2021/22

Members received the report of the External Auditor, Grant Thornton, which detailed responses received from the Fund's management in respect of a series of questions relating to the areas of General Enquiries of Management, Fraud, Laws and Regulations, Related Parties and Accounting Estimates. Mr Grant Patterson, Key Audit Partner, from Grant Thornton was in attendance to present the report.

In response to a question, further information was provided regarding material fraud in terms of what it would look like and the level at which it would be classified as material. It was noted that no areas with a high risk of material fraud had been identified.

It was noted that a full Audit Plan would be considered at the next meeting of the Pensions Committee once it had been completed and discussed with Officers.

RESOLVED:

That the contents of the report be noted.

62 Update on Task Force on Climate-Related Financial Disclosures (TCFD)

Mr Patrick O'Hara and Ms Laura Michie, LGPS Central, were in attendance to present this item with Ms Michie taking Members through the report which described the way in which climate-related risks are currently managed within the Fund and aimed to provide an up-to-date overview of the Fund's approach to managing climate risks, encompassing both the recent changes to the Fund's climate strategy and the findings of the 2021 Climate Risk Report.

In terms of extreme weather events, which had been classified as a long term risk with the definition 'we expect these risks could principally cause impacts 10 years and beyond', it was commented that this should really be classified as a short and medium term risk, given that they are happening now.

A comment was made that climate scenarios of 1°C and 1.5°C should also be modelled within the report, particularly as 1.5°C was what was being aimed for. It was also questioned whether a climate scenario of 4°C was necessary.

Questions were asked regarding the benchmark in the context of a carbon footprint and how it was calculated, how the Fund's performance compares to other similar organisations, the fossil fuel industry, engagement examples and how Members can influence the decisions taken where engagement is not working with a particular company.

Members noted that the 2022 figures would show a substantial reduction in the carbon footprint of the Fund as a result of the two changes to its investment strategy agreed at the last Pensions Committee meeting. The first to invest in a global sustainable equity fund and the second to invest in a low carbon global passive index with Legal & General.

63 Responsible Investment and Engagement Update

Mr Patrick O'Hara and Ms Laura Michie, LGPS Central, were in attendance to present this item and took Members through the presentation which covered the 2020 Stewardship Code, ESG Tool, Climate Targets and Russia. In response to a question, the Head of Treasury and Pensions confirmed that the presentation was a public paper.

Regarding the Net Zero update, Members were informed that a credible net-zero strategy will be expressed in absolute emissions, not emissions intensity only and that there would be an increased focus on this within climate risk monitoring.

Referring to the summary of the Net Zero update, it was requested that going forwards, real measurables be included. A comment was also made that given the discussion on short term targets of eighteen months - two years at the last Pensions Committee meeting, as well as the latest IPCC report which stresses the need for greater urgency and much more action in the next couple of years, the figures in the presentation did not reflect this latest thinking. Mr O'Hara responded that there was a need to recognise how challenging it would be for some organisations to achieve the targets of 7.6% per annum, 50% reduction by 2030 and Net Zero by 2050 and that the appropriateness of the targets would be constantly kept under review. He also commented that they were in line with what was agreed at Paris and Glasgow and what international governance around the world have agreed to.

In terms of Russia, the Head of Treasury and Pensions explained that a number of Partner Funds within LGPS Central made a public statement on Russia and Ukraine and as Shropshire County Pension Fund were part of LGPS Central, they would be supporting this statement. Whilst it was noted that Shropshire County Pension Fund's direct exposure to Russia is zero, they strongly supported the statement that LGPS Central were making on behalf of all Partner Funds and it would be uploaded onto the Fund's website.

Mr O'Hara read out LGPS Central's statement on Russia and Ukraine and confirmed that some LGPS Funds had minimal exposure to Russia and Ukrainian stocks. These were not the Funds SCPF is invested in.

A question was asked regarding Glencore, its continuation of trading with Russia and what pressure was being exerted on companies like them to stop trading. Mr O'Hara confirmed that they would be engaging with Glencore on this issue, with engagement meetings due to happen shortly.

RESOLVED:

That the LGPS Central Statement on Russia and Ukraine be endorsed by the Pensions Committee.

64 Corporate Governance Monitoring

The Committee received the report of the Investment Officer which informed them of Corporate Governance and socially responsible investment issues arising in the quarter period 1st October 2021 to 31st December 2021.

RESOLVED:

That the position as set out in the report of the Investment Officer, Manager Voting Reports at Appendix A (A1, A2 & A3) and BMO Global Asset Management Responsible Engagement Overlay Activity Report at Appendix B (B1 & B2) be accepted.

65 Strategic Allocation and Implementation Update

Members received a presentation from Mr Louis-Paul Hill, Aon, regarding an update on the Funds Strategic Asset Allocation and Implementation, which detailed a reminder of recent investment strategy review objectives, the strategic asset allocation and future considerations.

It was suggested that when presenting the strategic asset allocation, the degree of protection on the equity position should also be shown.

A question was asked regarding Absolute Return Strategies and Mr Louis-Paul Hill confirmed that the allocation to Absolute Return Strategies had not been increased. However, this would be reviewed in the future.

66 Russia and Ukraine and Impact on Financial Markets

Members received a presentation from Mr Louis-Paul Hill, Aon, regarding Russia and Ukraine and the impact on financial markets. The presentation covered the areas of inflation and interest rates, the Russia-Ukraine war and investment implications, key areas for discussion and asset class views. It was commented that the current level of uncertainty made it a very challenging financial market environment.

67 Pensions Administration Monitoring

The Committee received the report of the Pensions Administration Manager which provided them with monitoring information on the performance and issues affecting the pensions administration team.

A question was asked regarding whether the Fund's usual in-person annual meeting would be happening this year, having not been held in 2020 and 2021 due to restrictions in place because of the Covid-19 pandemic and it was commented that if it was unable to go ahead, it should be held virtually. The Pensions Administration Manager responded that it would be taking place if Covid-19 restrictions allowed it to do so. However, all of the information due to be covered at the annual meetings was available to members on the Fund's website, Members were communicated with via email and the team could be contacted at any time with any queries that they might have. It was also noted that newsletters were sent to pensioners and employees and the Pensions Committee had a Pensioner Representative and Employee Representatives. Mrs Jean Smith commented that she had received a lot of comments from people during the past year regarding how much they enjoyed receiving the 'In Touch' magazine.

In response to a question regarding the agenda setting of Pensions Committee meetings, the Executive Director of Resources explained that this was discussed with the Chairman. However, there was a lot of business that the Committee had to consider and therefore, much of the agenda was set automatically. Opportunities were available for training in between meetings and issues could be raised both during and in-between committee meetings.

Questions were also asked regarding monthly deficit payments, the Fund's training policy and divestment training, with the Head of Treasury and Pensions commenting that the amount of training that the Committee had undertaken over the last two years had greatly increased.

RESOLVED:

1. That the position as set out in the report of the Pensions Administration Manager be accepted.
2. That the revised Training Policy (Appendix C to the report) be approved.
3. That the revised Governance Compliance Statement (Appendix D to the report) be approved.
4. That the review of the Breaches Policy (Appendix E to the report) be approved.

68 Pension Fund Treasury Strategy 2022/23

The Committee received the report of the Head of Treasury and Pensions which explained that Shropshire Council as the Administering Authority maintains a small working cash balance for the Pension Fund that is invested separately to the Council's own cash and is managed under the defined Treasury Strategy as set out within the report.

In responding to a question, the Head of Treasury and Pensions confirmed that the small working cash balance (currently around £4 million), was not cash. Rather, it was invested in line with Shropshire Council's Treasury Strategy.

RESOLVED:

1. That authority be delegated to the Scheme Administrator (Section 151 Officer) to manage the Pension Funds day to day cash balances.
2. That the Pension Fund Treasury Strategy be approved.
3. That the Scheme Administrator (Section 151 Officer) be authorised to place deposits in accordance with the Pension Fund's Treasury Strategy.
4. That authority be delegated to the Scheme Administrator (Section 151 Officer) to add or remove institutions from the approved lending list and amend cash and period limits as necessary in line with the Administering Authority's creditworthiness policy.

69 Exclusion of Press and Public

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Agenda Items 14 to 17, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the categories specified against them.

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

RESOLVED:

That the exempt minutes of the meeting held on 17 January 2022 be approved and signed by the Chairman as a correct record.

71 Equity Protection Update (Exempted by Category 3)

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

72 Investment Monitoring Report - Quarter to 31 December 2021 (Exempted by Category 3)

The Committee received the exempt report of the Head of Treasury and Pensions which provided them with monitoring information on investment performance and managers for the quarter period to 31 December 2021 and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

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

73 Governance (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which informed them of governance arrangements across the Pension Fund, focusing on the quarter period to 31 December 2021. Breaches, appeals and cyber security issues were all considered within the report.

RESOLVED:

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

Signed (Chairman)

Date:

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Shropshire Pension Fund audit plan

Year ending 31 March 2022

Shropshire Pension Fund
4th June 2022

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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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Key matters

Factors

Pension Fund developments

Pension Funds face increasing complexities in both the governance and administration of the LGPS, with increasing requirements from the Pension Regulator in terms of record keeping and the expectations from the national LGPS Scheme Advisory Board to follow good governance guidance as best practice.

Recovery from Covid 19 pandemic

At a higher level, the pandemic situation broadly appears to be improving with optimism returning to markets.

From an operational perspective, the Fund continues to manage the pandemic well, ensuring a continuation of the day to day financial management of the organisation and production of key financial information in line with agreed timetables. However, from our perspective as external auditors, remote working continues to present an operational challenge, in particular in relation to the time taken to obtain and process information in a remote setting. We will agree an efficient way of joint working which includes an on-site presence.

Cyber Security

Local Authorities and other Public Sector bodies are making more services accessible on-line and we have seen an increase in cyber attacks, some of which have had very serious consequences, including a permanent loss of data and a disruption to critical services

Financial Reporting and Audit – raising the bars

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing. Our work in 2020/21 has highlighted areas where Local Government financial reporting, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of financial transactions in the sector which require greater audit scrutiny.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, is outlined further in this report.
- We have identified a significant risk in regards to management override of control. This is further detailed in this report.
- We have determined that due to the nature of the governance arrangements that the administrative authority has put in place that formally the Audit Committee of Shropshire Council are those charged with governance. However, as this acts upon recommendations from the Pensions Committee and our reports are shared with it we have determined that the Pensions Committee is the sub-group with whom we are required to communicate with. We will continue to provide you with sector updates via our Sector Updates and Progress Reports.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Shropshire Pension Fund ('the Pension Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the *Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA)*, the body responsible for appointing us as auditor of Shropshire Pension Fund. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund's 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 the Pensions or Audit Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The revenue recognition cycle (including those related to expenditure) contains fraudulent transactions (rebutted)
- Management override of controls
- The valuation of Level 3 Investments

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £23m (PY £20m) for the Pension Fund, which equates to roughly 1% of your net assets as at December 2021. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Audit logistics

Our interim visit has taken place in February 2022 and our final visit will take place between July and August 22. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our proposed fee for the audit will be £28,952 (PY: £30,289) for the Pension Fund, subject to the Pension Fund delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) 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..

Significant risks identified

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.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
ISA 240 - The revenue cycle includes fraudulent transactions (rebutted)	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. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including the London Pensions Fund Authority, 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.	Having considered the risk factors set out in ISA(UK&I)240 and the nature of the revenue streams at Shropshire Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • The nature of the Fund's revenue is in many respects relatively predictable and does not generally involve cash transactions. • Revenue contributions are made by direct bank transfers from admitted / scheduled bodies and are supported by separately sent schedules and are directly attributable to gross pay making any improper recognition unlikely. • Transfers into the pension scheme are all supported by an independent actuarial valuation of the amount which should be transferred and which is subject to agreement between the transferring and receiving funds. • Historically, the split of responsibilities between the Fund, the Custodian and its Fund Managers provide a very strong separation of duties reducing the risk around investment income.
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Fund faces external scrutiny of its stewardship of funds 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, which was one of the most significant assessed risks of material misstatement.	We will: ▪ evaluate the design effectiveness of management controls over journals ▪ analyse the journals listing and determine the criteria for selecting high risk unusual journals ▪ test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration ▪ gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence ▪ evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

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.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 Investments	The Fund revalues its investments on a quarterly 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 require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2022. We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate management's processes for valuing Level 3 investments • review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met • independently request year-end confirmations from investment managers and the custodian and consider the role played by the custodian in asset valuation • for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2022 with reference to known movements in the intervening period • in the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert • test revaluations made during the year to see if they had been input correctly into the Pension Fund's asset register • where available review investment manager service auditor report on design effectiveness of internal controls • identify the key valuation controls at the fund managers (and where appropriate the custodians) and consider the design effectiveness of the controls through enhanced documentation of our consideration of the relevant controls reports.
Fraud in Expenditure Recognition (rebutted)	Practice Note 10 suggests that the risk of material misstatement due to fraudulent financial reporting that may arise from the manipulation of expenditure recognition needs to be considered, especially an entity that is required to meet financial targets. Having considered the risk factors relevant to Shropshire Pension Fund and the relevant expenditure streams, we have determined that no separate significant risk relating to expenditure recognition is necessary, as the same rebuttal factors listed on page 7 relating to revenue recognition apply. We therefore do not consider this to be a significant risk for Shropshire Pension Fund.	

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

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Introduction

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

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

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

Specifically do Audit Committee and Pension Committee members:

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





Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Pension Fund we have identified the following material accounting estimates for which this is likely to apply:

- Valuation of level 2 level 3 investments

The Pension Fund's Information systems

In respect of the Pension Fund's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Pension Fund uses management experts in deriving some of its more complex estimates, e.g. asset and investment. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Pension Fund (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Page 17 Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

Planning enquiries

As part of our planning risk assessment procedures we have engaged with management and obtained an understanding of the control environment around estimates via the Informing the Audit Risk Assessment document, which has been presented at the March Pensions Committee.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

The Pension Fund is administered by Shropshire Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
 - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going Concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate.

Materiality

The concept of materiality

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. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

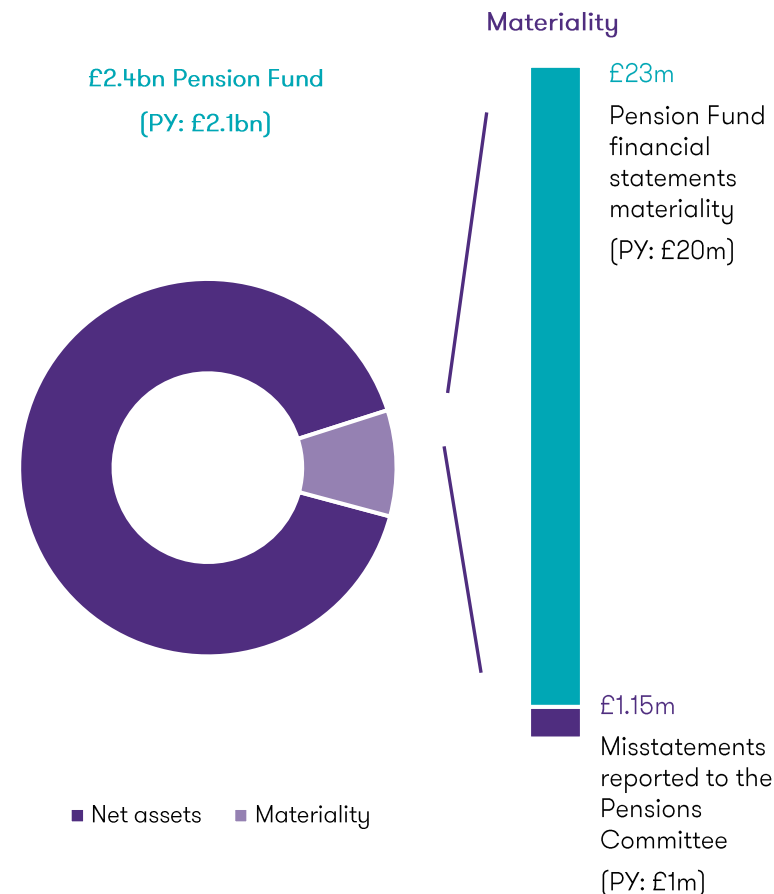
We have determined financial statement materiality based on a proportion of the net assets of the Pension Fund. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £23m (PY £20m), which equates to roughly 1% of your net assets at December 2021. We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Pensions Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Pension Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.15m (PY £1m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Pensions Committee to assist it in fulfilling its governance responsibilities.

Net assets December 2021



IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

We plan to rely on the operation of application controls whether automated / IT dependent and will therefore carry out an extended ITGC assessment on the IT systems that support the operation of those controls. This is to gain assurance that the relevant controls have been operating effectively throughout the period.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Unit 4 Business World	Financial reporting	Streamlined ITGC assessment
Pensions	Pensions benefits	Streamlined ITGC assessment

Audit logistics and team



Grant Patterson, Key Audit Partner

As your engagement lead, Grant will have the ultimate responsibility for the delivery of your audit service. He will lead our relationship with the Pension Fund and take overall responsibility for delivering high quality audits, which meet the highest professional standards while adding value.

Terry Tobin, Senior Audit Manager

As the engagement manager, Terry is responsible for overseeing the delivery of our service and managing the audit process in respect of the Shropshire Pension Fund. He will be on hand to answer any queries, whilst ensuring an efficient audit process.

Anam Shahzad, Audit Incharge

Anam will work with relevant officers and our on site team to ensure the smooth planning and delivery of the audit. She will oversee our operational team and discuss any issues with you during the audit process as well as any questions you may have throughout the year.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

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Audit fees

In 2018, PSAA awarded a contract of audit for Shropshire Pension Fund to begin with effect from 2018/19. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the audit.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial

our proposed work and fee for 2021/22, as set out below

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	Actual Fee 2020/21	Actual Fee 2021/22
Shropshire Pension Fund Audit	£30,289	£28,952
Total audit fees (excluding VAT)	£30,289	*£28,952

*The fee assumes that we are able to conduct our audit on site with the finance team available/present. If this is not possible we estimate that the additional cost of the audit will be c. £5,000.

Assumptions

In setting the above fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 (Revised 2019) 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.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

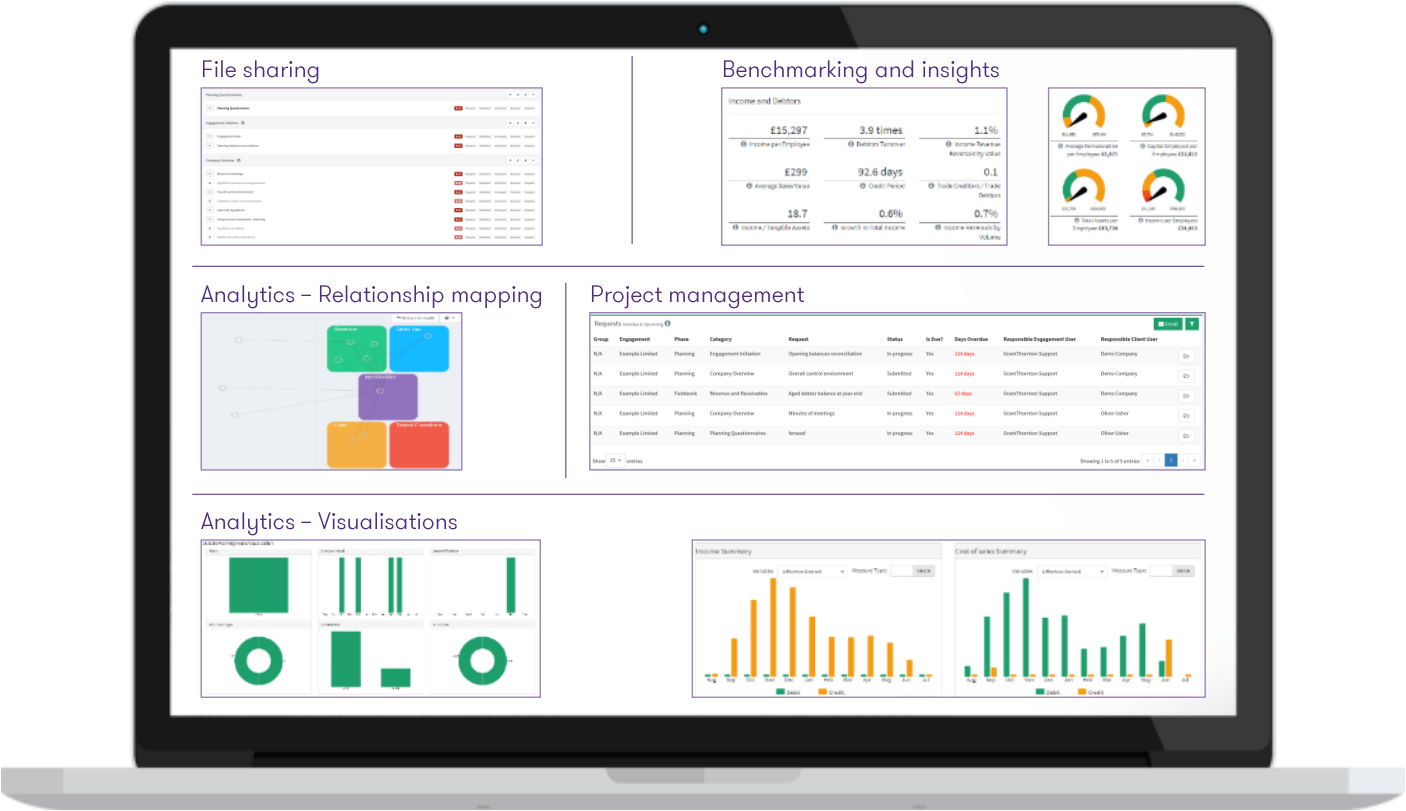
None of the services provided are subject to contingent fees

Service	Fees £	Threats	Safeguards
Audit related			
IAS19 Assurance letters for Admitted Bodies	5,000	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 is £5,000 (in 2020/21) in comparison to the total fee for the audit of £28,952 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

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations



Grant Thornton’s Analytics solution is supported by Inflo Software technology

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.

Significant improvements from the Financial Reporting Council's (FRC) quality inspection

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: [FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our results over the past three years are shown in the table below:

Grade	Number 2018/19	Number 2019/20	Number 2020/21
Good with limited improvements (Grade 1 or 2)	1	1	6
Improvements required (Grade 3)	2	5	3
Significant improvements required (Grade 4)	1	0	0
Total	4	6	9

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Significant improvements from the Financial Reporting Council's (FRC) quality inspection (continued)

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits an society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.





<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	9
24 June 2022	Public
10.00am	

CORPORATE GOVERNANCE MONITORING

**Responsible
Officer**

Ben Driscoll

e-mail: ben.driscoll@shropshire.gov.uk Tel: (01743)
252079

1. Synopsis

- 1.1 The report is to inform members of Corporate Governance and socially responsible investment issues arising in the quarter, 1st January 2022 to 31st March 2022.

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 and published Climate Risk Reports and TCFD reports 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.

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 25 June 2021

Corporate Governance Monitoring report, Pensions Committee 17 September 2021

Corporate Governance Monitoring report, Pensions Committee 17 January 2022

Corporate Governance Monitoring report, Pensions Committee 18 March 2022

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).

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VOTING AND ENGAGEMENT ACTIVITY

Welcome to your Quarterly Report's Engagement Activity section. We engaged with many 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.

Anglo American

In February 2022, we engaged with Anglo American, the British-listed, diversified miner of copper. Previously, we engaged with the group in March and September 2021.

Investment rationale

Anglo has attractive growth in copper production with assets mostly positioned in the second quartile of the global cost curve. The group has further optimisation potential to boost volumes and increase margins. The ramp up of Quellaveco, Anglo's copper mine in Peru, offers particularly strong growth prospects for the group. Anglo continues to invest in sustainable technologies for its mines and is rolling these out across its mines.

Areas of engagement	Potential impacts
Steps Anglo is taking to reduce energy usage	Environmental / Social
Production of metallurgical coal	Environmental / Social

Some of the objectives of engagement

- To understand what steps the group is taking to reduce energy usage (reduction of energy usage is one of key opportunities we have mapped for Anglo's in its use of sustainable technology to reduce carbon risks)
- To get an update on the group's production of metallurgical coal (which is used to make steel)

Key issues and discussion

1. Steps the group is taking to reduce energy usage

In February 2022 and previously in March 2021, we asked the group about its energy sourcing. Anglo reported that about half of its energy currently comes from third party vendors and half is supplied in house. The group has worked on a number of projects and partnerships to produce technology to reduce energy usage in mining. These include a patent for grinding rolls that use 30% less energy and the development of hydrogen battery trucks which produce 10-20% improved energy efficiency. Anglo is also planning to build solar panels to take its operations off the grid in South Africa which should reduce local energy costs by 30-40%. Anglo would also like to bring in other groups to help establish new technologies and build at scale to keep costs down.

During our engagement with the group in September 2021, we engaged again on energy reduction. Anglo talked about its desire to be a foundation investor in building wind farms on the east and west coast of South Africa and to help build energy around the northern cape. This would

help Anglo achieve a high percentage of renewables by 2030. It would then focus more on hydrogen work.

2. Production of metallurgical coal

In September, we engaged with Anglo on its production of metallurgical (met) coal. The group expects this to be an area of increased profit, as demand rises for met coal (also known as coking coal or steel-making coal). Met coal is a key ingredient for making steel, which is in increased demand from China. (Met coal differs from thermal coal which, when burned directly, is a way of generating electricity. Anglo divested its thermal coal assets in 2021.) Met coal remains important to the energy transition as the steel that comes from it is used to make wind turbines, masts, and other components needed for renewables.

Our requests/feedback: None

Escalated issue(s): None

Outcomes from engagement: None

Any impacts on proxy voting: No

Resiliency score: Average (unchanged since last quarter)

The group is managing its material issues well. In terms of its cost improvement opportunity, Anglo is on track to deliver its targeted \$3-4 billion of cost improvements by the end of 2022. The group is also rolling out technology to help it reduce its energy usage and use less water, producing less waste. In terms of its mineral reorientation opportunity, Anglo is now more focused on copper and Platinum Group Metals (PGMs) which are in rising demand with battery development and renewables.

Conviction score: Average (unchanged since last quarter)

Anglo has slimmed down the number of mines it operates and it now partners on new projects to lower the risk of any single project. The group has seen a productivity improvement of over 100% since 2012 with unit costs over the same period down by 28%. This productivity improvement has been driven by portfolio restructuring and a technical reconfiguration of mines. Future cost improvements are still available. The group has a good pipeline of attractive projects that generate sector-leading volume growth over the next 3-5 years. The group has also successfully reoriented the business to focus on minerals which will be in increasing demand during the energy transition.

BAE Systems

In February 2022, we met with the CEO, Group Finance Director, and Investor Relations of BAE Systems. BAE develops, delivers, and supports advanced defence and aerospace systems globally.

Investment rationale

With a healthy order book and steady demand for defence related services, we expect BAE to move into a phase where cash generation should grow at a faster rate than earnings. This should be supported by the group's improved execution on several new programmes and the continual increase in defence spending, particularly in the USA, where the business is advantaged.

Areas of engagement	Potential impacts
Progression of defence budgets	Financial
Sale of products and services to allies	Social

Objectives of engagement

To understand how defence spending in Europe and in the US will affect the company

To understand how well BAE is positioned to benefit from opportunities in air and space development

To understand how the company ensures that its products are only used by western democracies and their allies

Key issues and discussion

1. Defence spending in Europe and in the US

In the wake of the war between Ukraine and Russia, BAE expects more orders from many countries including the UK and Germany. Defence spending has already increased by 40% in Australia and BAE expects it could increase in the US as well, in the coming years. The group is well positioned to meet any rise in demand. However, its ability to ramp up production will be constrained by labour availability. Any increase in demand will not necessarily lead to significant price or margin increases as defence is a heavily regulated industry.

2. Air and space development opportunities

The past few years have generated several opportunities for aeronautics and space technology development. Adding space capabilities has been an essential dimension of modern warfare and cybersecurity for many governments. The UK, Australia and other countries are looking at bespoke capability for lower altitude satellites, which is an area of focus for BAE.

3. Sale of products to western democracies and their allies

BAE works with the British government to ensure that its products are sold only to western democracies and their allies. In the UK, licencing rules are robust: BAE must state explicitly to whom it sells weapons or services pertaining to troop movements. BAE only sells its products to allies; this is ensured in that the UK government requires every sale to have government approval.

Our requests / feedback: None

Escalated issue(s): None

Outcomes from engagement: None

Any impacts on proxy voting: No

Resiliency Score: Above average (Increased since last quarter)

BAE's CEO has made strong progress towards execution of what are highly complex and long duration contracts. Risk is being mitigated – for example BAE does not build the first ship of a new programme on risk grounds. The management has turned around Applied Intelligence. Acquisitions are performing well and the business is well positioned to benefit from the AUKUS deal as the biggest defence contractor in Australia. The company has positioned itself well strategically in higher growth areas of defence budgets and the company has been successful in growing its cyber offering in the private sector. Cashflow continues to strengthen and the company is hitting its strategic targets. White phosphorous used by BAE in obfuscation products (not for weapons) is going to be phased out over the next 1-2 years. Given the strong progress made by the management team, we have upgraded the Resiliency score.

Conviction Score: Above average (unchanged since last quarter)

BAE has a number of tailwinds to its business with defence budgets globally increasing and the signed AUKUS deal. The large hardware market where material increases in spend should be seen is quite consolidated so BAE ought to be a decent beneficiary. The business is performing very well operationally and the company has seen a positive inflection point in its earnings trajectory. Although strategically BAE is an important defence contractor (but not very large) in the US, it will probably be a beneficiary of the Department of Defense (DOD's) view that the main contractors are too large. Consequently, there ought to be less competition for future deals. There is also the prospect of defence falling on the right side of the line in the green taxonomy post the Ukrainian war which will increase investor interest. BAE offers non-economically sensitive earnings growth with good visibility and improving growth prospects. It stands at a decent discount to US companies. With improvements in the management of the group's key issues (as reflected in the increase in our Resiliency Score), the attractions of the business, industry fundamentals and the group's low valuation, our conviction remains above average.

Centrica

In March 2022, we met with Centrica, an integrated energy company offering a range of home and business energy solutions.

Investment rationale

Centrica has transformed itself over the last two years by reducing its debt, selling some of its businesses, stabilising its customer base and streamlining management structures. The rise in energy prices has materially improved Centrica's competitive positioning relative to most other energy suppliers. Centrica is also well positioned to help reduce the carbon footprint of homes through the supply of new heating and energy management systems and installing EV charging points.

Areas of engagement	Potential impacts
Assisting customers with their bills / Regulation / Politics	Financial/ Social
Security of UK's energy supply	Financial/ Social
Opportunity to assist in the Energy Transition	Financial/ Social
Migration to modern tech platform	Financial
Inherent value of long-term gas contracts	Financial

Objectives of engagement

To understand the political/regulatory dynamics in terms of assisting customers with their energy bills

How the company and other stakeholders are thinking about security of energy supply post the Ukrainian war

To determine progress in the development and marketing of products to promote decarbonisation

How the rise in energy prices is changing the competitive landscape

What impact the rise in energy prices has had on the NPV of these contracts

Key Issues and discussion

1. UK regulation; assisting customers with their bills

By securing long term gas contracts, Centrica has for years provided energy security for its UK customers which has put the group (until the recent price spike) at a competitive disadvantage. Centrica has highlighted to the regulator and the UK government the success that a number of European countries have achieved in their energy supply models and has suggested that the UK should consider adopting these. The UK government has established a precedent in helping vulnerable customers with their energy bills.

2. UK's energy supply from Russia; diversification of energy supply base

Although the UK imports only a small amount of Russian gas, an interruption of Russian gas into Europe may result in a reduced amount of gas being delivered to the UK, as the supply is diverted to Europe. This could leave the UK more vulnerable. Centrica is well placed with long-term energy contracts but would like to diversify its supplier base further to improve resiliency.

3. Opportunity to help customers decarbonise the home

Over the course of this year, British Gas (BG) services will invest further in providing products and services that should accommodate its growth. One of these investments will be in its engineers, providing training to strengthen their skills advantage over those of their competitors. Installing heat pumps and insulating homes are also areas of huge opportunity for the group. Utilising rough storage facilities for either carbon or hydrogen storage also remains a value accretive option for Centrica.

4. Migration to a modern tech platform

Over the next three years, Centrica plans to migrate its customers to its updated tech platform. The group should benefit from a material opportunity to lower its costs as the old platform is retired.

5. The value of the gas contracts

The increase in energy prices has been positive for Centrica, after years of the group's incurring significant losses on its contracts. Centrica may introduce a partner into the Mozambique contract that starts to produce gas in 2026.

Our requests / feedback: None

Escalated issue(s): None

Outcomes from engagement: None

Any impacts on proxy voting: No

Resiliency score: Average (unchanged since last quarter)

Management has handled well the risks the group faces from the political environment, high energy prices, competition and the balance sheet. Opportunities exist as commercial and retail customers move towards renewables and greener energy, but Centrica needs to demonstrate that it can significantly benefit from this transition.

Conviction score: Above average (unchanged since last quarter)

The rise in energy prices has negatively impacted Centrica's competition which had previously benefited from years of low gas prices. The regulatory environment is more constructive, looking forwards. Centrica's management has done a very good job in transforming the business and is well positioned with investment in a new platform partner that provides a route map to low-cost service provision. The company is positioning itself to help homes reduce their carbon footprint which should help the valuable home services division resume growth. The valuation opportunity has reduced but the shares still offer an interesting play on the energy transition and a more rational energy supply market.

Fever-Tree Drinks

In January 2022, we met with Fever-Tree's Head of Sustainability, Head of IR and Global Communications Director, following our request in the autumn of 2021 to discuss the group's sustainability programme. We also met with the group's CEO and CFO in March 2022 to discuss the margin structure of the business.

Fever-Tree produces premium carbonated mixers for alcoholic spirits.

Investment rationale

We see Fever-Tree as a niche, capital light beverage business with attractive margins, high returns and significant growth potential. The group has executed well in the UK and proven that its brand travels well, with success in the US, Europe and other parts of the world. There is still a strong runway of growth in the UK.

Areas of engagement	Potential impacts
Group's 3 roots and 5 branches of sustainability	Environmental / Social
Fever-Tree's work in the circular economy (recycling, etc.)	Environmental / Social

Objectives of engagement

To understand where the group is focusing to reduce its carbon emissions (and offset) (one of our key issues for the group)

To understand the group's overall plan with net zero

To understand how the group monitors its suppliers and the resiliency of its supply chain

Key issues and discussion

1. To understand where the group is focusing to reduce its carbon emissions (and offset)

Fever-Tree has its 3 roots (protecting the environment, sourcing ingredients and fighting malaria) and 5 branches (climate, circular economy, conservation, communities and colleagues) of sustainability. Within these, the group is focusing on reducing its carbon emissions (by offsetting) in locations where the group sources its key ingredients, such as the Democratic Republic of Congo (DRC). Fever-Tree's products in the UK are carbon neutral and it aims to expand this to other geographical regions.

2. To understand Fever-Tree's overall plan with net zero

Fever-Tree has committed to reducing its scope 1 and 2 emissions by 50% by 2030 (against a baseline of 2018) and is currently working on its buildings to help achieve this goal. The group will add scope 3 to its carbon reduction goal going forward and will eventually align with net zero.

3. To understand how Fever-Tree monitors its suppliers and the resiliency of its supply chain

Fever-Tree has a 2-fold approach to conservation which involves the taste and production of raw materials along with its relationships with its suppliers. Fever-Tree works with SEDEX to map the risks in its supply chain and help oversee the practices of its global suppliers. This helps the group comply with global standards and tighten the onboarding process for any new suppliers. This aligns with the group's monitoring of its environmental footprint to give it a holistic approach to overseeing its supply chain. Fever-Tree is also expanding the geographical footprint of its bottling plants with partners to increase resiliency and reduce the carbon incurred by shipping its products around the world.

Our requests/feedback

We suggested that the group link more directly and clearly its sustainability work with its KPIs, its group strategy and pay, particularly with regard to carbon emissions.

Escalated issue(s): None

Outcomes from engagement: None

Any impacts on proxy voting: No

Resiliency score: Above average (unchanged since last quarter)

Fever-Tree is managing its key risks around the use of its balance sheet and gaining market share in the US and EU. It is conscious of and trying to reduce its carbon emissions from its own business and through its supply chain. Fever-Tree plans to set a net zero goal, going forward. Reducing the geographic carbon footprint of its bottling plants will assist in achieving this aim. The group is also mindful of potential physical impacts from global warming in its agricultural operations and is working with its suppliers to mitigate these risks.

Conviction score: High (unchanged since last quarter)

We see Fever-Tree's opportunity set as having improved with the successful brand launch in the US and in Europe. While the shares have derated recently on the back of slower growth in the US, concerns about the group's long term margin framework, and general market volatility, we believe that investing in the growth of the business for its long-term success is the right strategy.

VOTING RECORD SUMMARY

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

SUMMARY	VOTES	PERCENT
Number of meetings voted at this period	17	
Number of resolutions	256	
Where we voted in line with Management	247	96.5
Where we have not voted in line with Management	9	3.5

Source: internal analysis, ISS (Institutional Shareholder Services)

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

CATEGORY	AGAINST MANAGEMENT	ABSTAIN
Antitakeover Related	0	0
Capitalization	0	0
Directors Related	1	1
Non-Salary Comp.	1	0
Reorg. and Mergers	0	0
Routine/Business	7	0
Total	9	1

Sources: internal analysis, ISS (Institutional Shareholder Services)

VOTING RECORD DETAILS

SECURITY NAME	MEETING DATE	MEETING TYPE	LIONTRUST VOTE
A J BELL	26 Jan 2022	AGM	Voted for all
AUCTION TECHNOLOGY	25 Jan 2022	AGM	Against Resolution 13
AVON RUBBER	28 Jan 2022	AGM	Against Resolution 12
CARETECH	08 Mar 2022	AGM	Voted for all
CENTRICA	13 Jan 2022	EGM	Voted for all
COMPASS GROUP	03 Feb 2022	AGM	Against Resolution 19
DEVOLVER DIGITAL	31 Mar 2022	EGM	Voted for all
DIPLOMA	19 Jan 2022	AGM	Voted for all
EASYJET	10 Feb 2022	AGM	Against Resolution 15
FAIR ISAAC CORP	01 Mar 2022	AGM	Voted for all
HOLLYWOOD BOWL	28 Jan 2022	AGM	Voted for all
KITWAVE	25 Mar 2022	AGM	Against Resolution 15
LIONTRUST ASSET MANAGEMENT	16 Feb 2022	EGM	Voted for all
NOVARTIS	04 Mar 2022	AGM	Against Resolution 11
TREATI	28 Jan 2022	AGM	Voted for all
WATKIN JONES	17 Feb 2022	AGM	Voted for all
WH SMITH	19 Jan 2022	AGM	Against Resolutions 2, 13; Abstain on Resolution 10

Source: internal analysis

LGPS Central - ACS

EOS at Federated Hermes

Engagement by region

Over the last quarter we engaged with **308** companies held in the LGPS Central - ACS portfolios on a range of **1,050** environmental, social and governance issues and objectives.

Global

We engaged with **308** companies over the last quarter.



Europe

We engaged with **75** companies over the last quarter.



United Kingdom

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



Emerging & Developing Markets

We engaged with **36** companies over the last quarter.



Developed Asia

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



Australia & New Zealand

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



North America

We engaged with **129** companies over the last quarter.

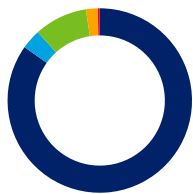


Engagement by theme

Over the last quarter we engaged with **308** companies held in the LGPS Central - ACS portfolios on a range of **1,050** environmental, social and governance issues and objectives.

Environmental

Environmental topics featured in **27.6%** of our engagements over the last quarter.



- Climate Change **84.8%**
- Forestry and Land Use **3.4%**
- Pollution and Waste Management **9.3%**
- Supply Chain Management **2.1%**
- Water **0.3%**

Social and Ethical

Social and Ethical topics featured in **19.3%** of our engagements over the last quarter.



- Bribery and Corruption **1.0%**
- Conduct and Culture **9.9%**
- Diversity **23.6%**
- Human Capital Management **26.1%**
- Human Rights **34.0%**
- Labour Rights **5.4%**

Governance

Governance topics featured in **37.2%** of our engagements over the last quarter.



- Board Diversity, Skills and Experience **29.9%**
- Board Independence **16.1%**
- Executive Remuneration **39.9%**
- Shareholder Protection and Rights **11.8%**
- Succession Planning **2.3%**

Strategy, Risk and Communication

Strategy, Risk and Communication topics featured in **15.8%** of our engagements over the last quarter.



- Audit and Accounting **13.9%**
- Business Strategy **36.7%**
- Cyber Security **2.4%**
- Integrated Reporting and Other Disclosure **21.7%**
- Risk Management **25.3%**

LGPS Central - ACS

EOS at Federated Hermes

Over the last quarter we made voting recommendations at **507** meetings (**5,467** resolutions). At **251** meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at **11** meetings and abstaining at **three** meetings. We supported management on all resolutions at the remaining **242** meetings.

Global

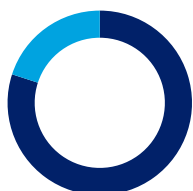
We made voting recommendations at **507** meetings (**5,467** resolutions) over the last quarter.



- Total meetings in favour **47.7%**
- Meetings against (or against AND abstain) **49.5%**
- Meetings abstained **0.6%**
- Meetings with management by exception **2.2%**

Australia and New Zealand

We made voting recommendations at **five** meetings (**18** resolutions) over the last quarter.



- Total meetings in favour **80%**
- Meetings against (or against AND abstain) **20%**

Developed Asia

We made voting recommendations at **233** meetings (**1,916** resolutions) over the last quarter.



- Total meetings in favour **57.9%**
- Meetings against (or against AND abstain) **42.1%**

Emerging and Frontier Markets

We made voting recommendations at **92** meetings (**837** resolutions) over the last quarter.



- Total meetings in favour **44.6%**
- Meetings against (or against AND abstain) **55.4%**

Europe

We made voting recommendations at **83** meetings (**1,520** resolutions) over the last quarter.



- Total meetings in favour **21.7%**
- Meetings against (or against AND abstain) **71.1%**
- Meetings abstained **3.6%**
- Meetings with management by exception **3.6%**

North America

We made voting recommendations at **39** meetings (**472** resolutions) over the last quarter.



- Total meetings in favour **17.9%**
- Meetings against (or against AND abstain) **71.8%**
- Meetings with management by exception **10.3%**

United Kingdom

We made voting recommendations at **55** meetings (**704** resolutions) over the last quarter.

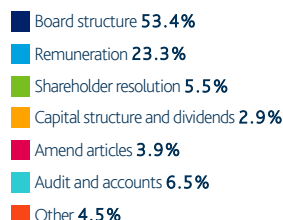


- Total meetings in favour **67.3%**
- Meetings against (or against AND abstain) **25.5%**
- Meetings with management by exception **7.3%**

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

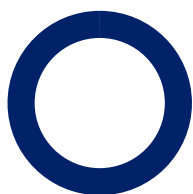
Global

We recommended voting against or abstaining on **751** resolutions over the last quarter.



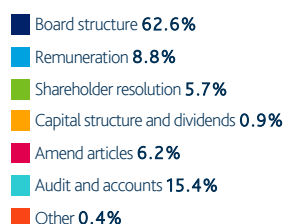
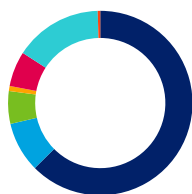
Australia and New Zealand

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



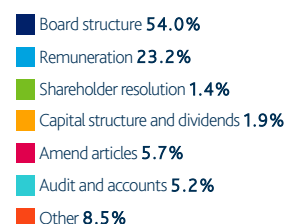
Developed Asia

We recommended voting against or abstaining on **227** resolutions over the last quarter.



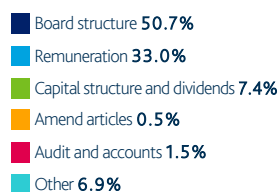
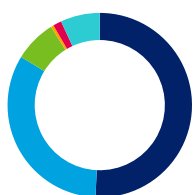
Emerging and Frontier Markets

We recommended voting against or abstaining on **211** resolutions over the last quarter.



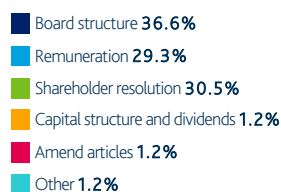
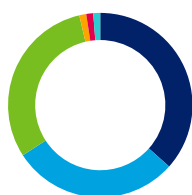
Europe

We recommended voting against or abstaining on **203** resolutions over the last quarter.



North America

We recommended voting against or abstaining on **82** resolutions over the last quarter.



United Kingdom

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





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 within the company's Authorised Contractual Scheme (ACS).

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
09/02/2022	BYD Electronic (International) Co., Ltd.	Extraordinary Shareholders	All For		
16/02/2022	Guotai Junan International Holdings Limited	Extraordinary Shareholders	All For		
28/03/2022	The Bank of East Asia, Limited	Extraordinary Shareholders	All For		
26/01/2022	Sekisui House Reit, Inc.	Special	All For		
27/01/2022	Kobe Bussan Co., Ltd.	Annual	Against	3.1,4.2 4.3,4.4	Lack of independence on board Lack of independence on board Lack of independent representation at board committees
27/01/2022	Park24 Co., Ltd.	Annual	Against	1.1,1.6,1.7 2.2	Lack of independence on board Lack of independence on boardLack of independent representation at board committees
28/01/2022	Kenedix Office Investment Corp.	Special	All For		
08/02/2022	Shinsei Bank, Ltd.	Special	All For		
18/02/2022	OSG Corp. (6136)	Annual	All For		
25/02/2022	Kewpie Corp.	Annual	All For		
25/02/2022	Nippo Corp.	Special	Against	1,2	Concerns to protect shareholder value
16/03/2022	Kubota Corp.	Annual	All For		
19/03/2022	THK CO., LTD.	Annual	Against	3.8	Lack of independence on board
20/03/2022	GMO Internet, Inc.	Annual	Against	2.1 1 3.2,3.3	Concerns related to approach to board gender diversity Concerns about overall board structure Poison pill/anti-takeover measure not in investors interests Concerns related to shareholder rights Lack of independence on boardLack of independent representation at board committees
22/03/2022	DMG MORI CO., LTD.	Annual	All For		
23/03/2022	Bridgestone Corp.	Annual	Against	3.3,3.5,3.9	Lack of independence on board
23/03/2022	HOSHIZAKI Corp.	Annual	Against	2.1	Concerns related to approach to board gender diversity
23/03/2022	Hulic Co., Ltd.	Annual	Against	3.10	Lack of independence on board
23/03/2022	Information Services International-Dentsu Ltd.	Annual	Against	3.3	Lack of independence on board
23/03/2022	Japan Tobacco Inc.	Annual	Against	3	Concerns related to shareholder rights
23/03/2022	Yamaha Motor Co., Ltd.	Annual	Against	3.6	Lack of independence on board
24/03/2022	Coca-Cola Bottlers Japan Holdings, Inc.	Annual	All For		
24/03/2022	Ezaki Glico Co., Ltd.	Annual	Against	2.1,2.5,2.6,2.8	Lack of independence on board
24/03/2022	Kuraray Co., Ltd.	Annual	Against	4 3.3	Concerns about overall board structure Concerns related to approach to board gender diversity
24/03/2022	Nabtesco Corp.	Annual	All For		
24/03/2022	Peptidream Inc.	Annual	All For		
24/03/2022	Sumitomo Rubber Industries, Ltd.	Annual	Against	3.1 3.8	Concerns related to approach to board gender diversity Lack of independence on board
24/03/2022	Toshiba Corp.	Special	Abstain Against	2 3 1	This proposal was withdrawn Improving disclosure can benefit the company and its shareholders Insufficient basis to support a decision
25/03/2022	Asahi Group Holdings Ltd.	Annual	All For		
25/03/2022	ASICS Corp.	Annual	All For		
25/03/2022	INPEX Corp.	Annual	Against	3.1	Concerns related to approach to board gender diversity
25/03/2022	Kao Corp.	Annual	Against	3.8	Lack of independence on board
25/03/2022	Kyowa Kirin Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
25/03/2022	NEXON Co., Ltd.	Annual	Against	4 2.1 2.4 3.2,3.3 3.1	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Lack of independence on board Concerns related to attendance at board or committee meetings Lack of independence on board Lack of independent representation at board committees Lack of independent representation at board committees
25/03/2022	Pola Orbis Holdings Inc.	Annual	Against	4.2,4.3	Concerns about overall board structure
25/03/2022	Shiseido Co., Ltd.	Annual	All For		
25/03/2022	Suntory Beverage & Food Ltd.	Annual	All For		
25/03/2022	Toyo Tire Corp.	Annual	Against	3.1 3.2 3.9	Concerns related to board gender diversity and the company's excessive cross-shareholding Concerns related to company's excessive cross-shareholding Lack of independence on board
25/03/2022	Unicharm Corp.	Annual	Against	1	Concerns to protect shareholder value
26/03/2022	Horiba Ltd.	Annual	All For		
29/03/2022	Benefit One Inc.	Special	All For		
29/03/2022	Canon Marketing Japan Inc.	Annual	Against	4.2 3.1 3.7	Concerns about overall board structure Concerns related to approach to board gender diversity Lack of independence on board
29/03/2022	Chugai Pharmaceutical Co., Ltd.	Annual	All For		
29/03/2022	DIC Corp.	Annual	All For		
29/03/2022	Ebara Corp.	Annual	All For		
29/03/2022	MonotaRO Co., Ltd.	Annual	Against	2 3.3	Concerns related to shareholder rights Lack of independence on board
29/03/2022	Nippon Paint Holdings Co., Ltd.	Annual	Against	2	Concerns related to shareholder rights
29/03/2022	OTSUKA CORP.	Annual	Against	3	Insufficient/poor disclosure
29/03/2022	SUMCO Corp.	Annual	Against	3.2	Lack of independence on board
29/03/2022	Sumitomo Forestry Co., Ltd.	Annual	Against	3.1 3.2 4.1	Concerns about cross-shareholdings Concerns about excessive cross-shareholdings Concerns about overall board structure
29/03/2022	Tokyo Tatemono Co., Ltd.	Annual	All For		
29/03/2022	Trend Micro, Inc.	Annual	Against	3 2.1,2.5	Concerns related to shareholder rights Lack of independence on board
30/03/2022	AGC, Inc. (Japan)	Annual	All For		
30/03/2022	Canon, Inc.	Annual	Against	4.2 3.1 3.4	Concerns about overall board structure Concerns related to approach to board gender diversity Lack of independence on board
30/03/2022	Dentsu Group, Inc.	Annual	Against	3.2,4.5,4.6	Lack of independence on board
30/03/2022	GungHo Online Entertainment, Inc.	Annual	Against	2.1 2.9	Concerns related to approach to board gender diversity Lack of independence on board
30/03/2022	Kagome Co., Ltd.	Annual	Against	1	Concerns related to shareholder rights
30/03/2022	Kirin Holdings Co., Ltd.	Annual	Against	6	A vote AGAINST this proposal is warranted because:* Concerning the complexity of the compensation plan
30/03/2022	Kobayashi Pharmaceutical Co., Ltd.	Annual	Against	1	Concerns related to shareholder rights
30/03/2022	KOKUYO CO., LTD.	Annual	All For		
30/03/2022	KOSE Corp.	Annual	All For		
30/03/2022	Lion Corp.	Annual	All For		
30/03/2022	Mabuchi Motor Co., Ltd.	Annual	All For		
30/03/2022	Nippon Electric Glass Co., Ltd.	Annual	Against	3.1,3.7	Lack of independence on board
30/03/2022	Otsuka Holdings Co., Ltd.	Annual	Against	3.1 2.1,2.11,2.12	Lack of independence on board
30/03/2022	Pigeon Corp.	Annual	All For		
30/03/2022	Rakuten Group, Inc.	Annual	Against	4 1 2.5,2.8	Apparent failure to link pay and appropriate performance Concerns related to shareholder rights Lack of independence on board
30/03/2022	Renesas Electronics Corp.	Annual	Against	1	Concerns related to shareholder rights
30/03/2022	Sapporo Holdings Ltd.	Annual	Against	3.1 3.5	Concerns about capital misallocation Lack of independence on board
30/03/2022	Shimano, Inc.	Annual	Against	2.1	Concerns related to board gender diversity
30/03/2022	Showa Denko K.K.	Annual	All For		
30/03/2022	Skylark Holdings Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
30/03/2022	The Yokohama Rubber Co., Ltd.	Annual	Against	3.1 3.11	Concerns related to approach to board gender diversity and capital misallocation on cross-shareholdings Lack of independence on board
30/03/2022	Tokai Carbon Co., Ltd.	Annual	All For		
30/03/2022	TOKYO OHKA KOGYO CO., LTD.	Annual	All For		
30/03/2022	Yamazaki Baking Co., Ltd.	Annual	Against	3.1 7 3.10 4.2,4.3	Concerns related to approach to board gender diversityInadequate management of climate-related risks Insufficient/poor disclosure Lack of independence on board Lack of independence on boardLack of independent representation at board committees
13/01/2022	Mapletree Logistics Trust	Extraordinary Shareholders	All For		
20/01/2022	Frasers Logistics & Commercial Trust	Annual	Against	3	Issue of equity raises concerns about excessive dilution of existing shareholders
18/02/2022	Olam Group Limited	Court	All For		
18/02/2022	Olam Group Limited	Extraordinary Shareholders	All For		
22/03/2022	Singapore Press Holdings Ltd.	Court	All For		
22/03/2022	Singapore Press Holdings Ltd.	Extraordinary Shareholders	All For		
31/03/2022	DBS Group Holdings Ltd.	Annual	All For		
06/01/2022	Korea Gas Corp.	Special	Against	2	Concerns related to inappropriate membership of committees
07/01/2022	LG Corp.	Special	All For		
07/01/2022	LG Electronics, Inc.	Special	All For		
20/01/2022	Solus Advanced Materials Co., Ltd.	Special	Against	1	Concerns to protect shareholder value
27/01/2022	Woori Financial Group, Inc.	Special	All For		
28/01/2022	POSCO Holdings Inc.	Special	All For		
28/02/2022	Daewoo Engineering & Construction Co. Ltd.	Special	All For		
14/03/2022	NAVER Corp.	Annual	All For		
16/03/2022	Samsung Electro-Mechanics Co., Ltd.	Annual	All For		
16/03/2022	Samsung Electronics Co., Ltd.	Annual	All For		
16/03/2022	Samsung Electronics Co., Ltd.	Annual	All For		
16/03/2022	Samsung SDS Co., Ltd.	Annual	All For		
17/03/2022	Cheil Worldwide, Inc.	Annual	All For		
17/03/2022	Hotel Shilla Co., Ltd.	Annual	All For		
17/03/2022	S-1 Corp. (Korea)	Annual	All For		
17/03/2022	Samsung Card Co., Ltd.	Annual	All For		
17/03/2022	Samsung Engineering Co., Ltd.	Annual	All For		
17/03/2022	Samsung Life Insurance Co., Ltd.	Annual	All For		
17/03/2022	Samsung SDI Co., Ltd.	Annual	All For		
18/03/2022	LG Uplus Corp.	Annual	All For		
18/03/2022	LOTTE Fine Chemical Co., Ltd.	Annual	All For		
18/03/2022	POSCO Holdings Inc.	Annual	All For		
18/03/2022	Samsung C&T Corp.	Annual	All For		
18/03/2022	Samsung Fire & Marine Insurance Co., Ltd.	Annual	All For		
18/03/2022	Samsung Heavy Industries Co., Ltd.	Annual	All For		
18/03/2022	Samsung Securities Co., Ltd.	Annual	All For		
18/03/2022	Yuhan Corp.	Annual	All For		
21/03/2022	Hyundai Doosan Infracore Co., Ltd.	Annual	All For		
21/03/2022	POSCO Chemical Co., Ltd.	Annual	Against	6	Apparent failure to link pay and appropriate performance
21/03/2022	POSCO INTERNATIONAL Corp.	Annual	All For		
22/03/2022	Hyundai Mipo Dockyard Co., Ltd.	Annual	All For		
22/03/2022	Korea Shipbuilding & Offshore Engineering Co., Ltd.	Annual	All For		
22/03/2022	S-Oil Corp.	Annual	Against	3	Lack of independence on board
23/03/2022	HANJIN KAL Corp.	Annual	Against	2,4,5,1,5,2,5,3	
23/03/2022	Hanssem Co., Ltd.	Annual	Against	3,4	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation
23/03/2022	HANWHA SOLUTIONS CORP.	Annual	Against	3,3	Lack of independence on board
23/03/2022	Hyundai GLOVIS Co., Ltd.	Annual	Against	3,1,3,2	Lack of independence on board
23/03/2022	Hyundai Mobis Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
23/03/2022	Hyundai Steel Co.	Annual	Against	2.2	Lack of independence on board
23/03/2022	Hyundai WIA Corp.	Annual	Against	4	Apparent failure to link pay and appropriate performance
23/03/2022	Korea Zinc Co., Ltd.	Annual	All For		
23/03/2022	Korean Air Lines Co., Ltd.	Annual	Against	2	Inadequate management of climate-related risks
23/03/2022	LG Chem Ltd.	Annual	All For		
23/03/2022	LG Display Co., Ltd.	Annual	Against	5	Apparent failure to link pay and appropriate performance
23/03/2022	LG Innotek Co., Ltd.	Annual	Against	4	Apparent failure to link pay and appropriate performance
23/03/2022	Lotte Chilsung Beverage Co., Ltd.	Annual	All For		
23/03/2022	Lotte Shopping Co., Ltd.	Annual	Against	3.1,3.2,3.3	Lack of independence on board
23/03/2022	NH Investment & Securities Co., Ltd.	Annual	Against	3.1,3.2,3.3,3.4,4.5,1,5.2	Concerns to protect shareholder value
23/03/2022	OCI Co., Ltd.	Annual	All For		
24/03/2022	Amorepacific Corp.	Annual	All For		
24/03/2022	AmorePacific Group, Inc.	Annual	Against	6	Apparent failure to link pay and appropriate performance
24/03/2022	DI E&C Co., Ltd.	Annual	All For		
24/03/2022	Hanmi Pharmaceutical Co., Ltd.	Annual	Against	5	Apparent failure to link pay and appropriate performance
24/03/2022	Hanmi Science Co., Ltd.	Annual	Against	5 3	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees
24/03/2022	Hanwha Life Insurance Co., Ltd.	Annual	All For		
24/03/2022	HYUNDAI ENGINEERING & CONSTRUCTION CO., LTD.	Annual	All For		
24/03/2022	Hyundai Motor Co., Ltd.	Annual	Against	2.1,2.3,2 2.2.1	Concerns to protect shareholder value Vote against combined Chair/CEO
24/03/2022	Industrial Bank of Korea	Annual	All For		
24/03/2022	LG Electronics, Inc.	Annual	All For		
24/03/2022	Lotte Chemical Corp.	Annual	Against	5 3.2,3.3,3.4,3.5,4.1	Apparent failure to link pay and appropriate performance Concerns about overall performance
24/03/2022	Mando Corp.	Annual	All For		
24/03/2022	Mirae Asset Securities Co., Ltd.	Annual	Against	2,5,4,2	Concerns about overall performance
24/03/2022	ORION Corp. (Korea)	Annual	All For		
24/03/2022	Shinhan Financial Group Co., Ltd.	Annual	Against	2.1,2.2,2.3,2.4,2.5,2.6,2.7,3. 2.3,3	
24/03/2022	Shinsegae Co., Ltd.	Annual	Against	3.2	Lack of independence on board
24/03/2022	SK Biopharmaceuticals Co., Ltd.	Annual	All For		
24/03/2022	SK bioscience Co., Ltd.	Annual	All For		
24/03/2022	SKC Co., Ltd.	Annual	All For		
25/03/2022	BNK Financial Group, Inc.	Annual	All For		
25/03/2022	Celltrion Healthcare Co., Ltd.	Annual	Against	3,4,1,4,2	Concerns about overall performance
25/03/2022	Celltrion Pharm Inc.	Annual	All For		
25/03/2022	Celltrion, Inc.	Annual	Against	4,1,4,2,4,3,4,4	Concerns about overall performance
25/03/2022	DB Insurance Co., Ltd.	Annual	Against	2,2,4,2	Concerns about overall performance
25/03/2022	DGB Financial Group Co., Ltd.	Annual	All For		
25/03/2022	DL Holdings Co., Ltd.	Annual	All For		
25/03/2022	DONGSUH Cos., Inc.	Annual	Against	2 1	Concerns about overall board structure Inappropriate bundling of election of directors on a single vote
25/03/2022	F&F Co., Ltd.	Annual	Against	4	Apparent failure to link pay and appropriate performance
25/03/2022	GS Engineering & Construction Corp.	Annual	All For		
25/03/2022	GS Retail Co., Ltd.	Annual	All For		
25/03/2022	Hana Financial Group, Inc.	Annual	Against	3,4,3,6,4,5,2 3.3	Concerns about overall performance Concerns about overall performance
25/03/2022	HITEJINRO Co., Ltd.	Annual	All For		
25/03/2022	HYUNDAI MARINE & FIRE INSURANCE Co., Ltd.	Annual	All For		
25/03/2022	KB Financial Group, Inc.	Annual	All For		
25/03/2022	Korea Investment Holdings Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
25/03/2022	Kumho Petrochemical Co., Ltd.	Annual	Against	1.2.1,2.1,2.2,3.1 1.2.2 2.3,2.4,3.2	Concerns to protect shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes efficient capital structure SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
25/03/2022	Lotte Corp.	Annual	Against	3.2	Lack of independent representation at board committees
25/03/2022	Nongshim Co., Ltd.	Annual	Against	1	Inappropriate bundling of election of directors on a single vote
25/03/2022	OTTOGI Corp.	Annual	Against	3,3,5,2	Concerns related to inappropriate membership of committeesLack of independence on board
25/03/2022	Paradise Co., Ltd.	Annual	Against	2	Apparent failure to link pay and appropriate performance
25/03/2022	Seegene, Inc.	Annual	Against	4	Apparent failure to link pay and appropriate performance
25/03/2022	Shinpoong Pharmaceutical Co., Ltd.	Annual	Against	3.1	Concerns related to attendance at board or committee meetings
25/03/2022	SK Telecom Co., Ltd.	Annual	All For		
25/03/2022	Woori Financial Group, Inc.	Annual	Against	3,2,3,3,3,4,3,5,4,5,1,5,2	Concerns about overall performance
28/03/2022	Alteogen, Inc.	Annual	Against	4,5	Apparent failure to link pay and appropriate performance
28/03/2022	CJ Logistics Corp.	Annual	All For		
28/03/2022	DAEWOO SHIPBUILDING & MARINE ENGINEERING Co., Ltd.	Annual	All For		
28/03/2022	Doosan Bobcat, Inc.	Annual	Against	3	Concerns related to board gender diversity
28/03/2022	GS Holdings Corp.	Annual	All For		
28/03/2022	Hanwha Aerospace Co., Ltd.	Annual	Against	2,2,3,1	Concerns about overall performance
28/03/2022	Hyundai Department Store Co., Ltd.	Annual	All For		
28/03/2022	Hyundai Heavy Industries Holdings Co., Ltd.	Annual	All For		
28/03/2022	LG Household & Health Care Ltd.	Annual	All For		
28/03/2022	SK Chemicals Co. Ltd.	Annual	All For		
28/03/2022	Sk le Technology Co., Ltd.	Annual	Against	5	Apparent failure to link pay and appropriate performance
28/03/2022	SK Square Co. Ltd.	Annual	All For		
29/03/2022	BGF Retail Co., Ltd.	Annual	All For		
29/03/2022	CJ CheilJedang Corp.	Annual	All For		
29/03/2022	CJ Corp.	Annual	All For		
29/03/2022	CJ ENM Co., Ltd.	Annual	All For		
29/03/2022	Daewoo Engineering & Construction Co. Ltd.	Annual	All For		
29/03/2022	Doosan Heavy Industries & Construction Co., Ltd.	Annual	Against	3,2 3,3,4,1,4,2	Concerns related to approach to board gender diversityInadequate management of climate-related risks Inadequate management of climate-related risks
29/03/2022	E-Mart, Inc.	Annual	All For		
29/03/2022	Ecopro BM Co., Ltd.	Annual	Against	3,5	Concerns related to inappropriate membership of committees
29/03/2022	FILA Holdings Corp.	Annual	All For		
29/03/2022	Green Cross Corp.	Annual	All For		
29/03/2022	Hanon Systems	Annual	Against	4 2	Concerns about overall performance Inappropriate bundling of election of directors on a single vote
29/03/2022	HMM Co., Ltd.	Annual	All For		
29/03/2022	Hyundai Development Co.	Annual	Against	4,2 2,1,2,2	Lack of independence on board
29/03/2022	Kakao Corp.	Annual	All For		
29/03/2022	KakaoBank Corp.	Annual	All For		
29/03/2022	KCC Corp.	Annual	Against	2,4,2,5,3 2,3	Concerns about overall performance Concerns related to approach to board gender diversityConcerns about overall performance
29/03/2022	KEPCO Plant Service & Engineering Co., Ltd.	Annual	All For		
29/03/2022	Kia Corp.	Annual	All For		
29/03/2022	Korea Electric Power Corp.	Annual	All For		
29/03/2022	Korea Gas Corp.	Annual	All For		
29/03/2022	KT&G Corp.	Annual	All For		
29/03/2022	LG Corp.	Annual	All For		
29/03/2022	LS Corp.	Annual	Against	2	Lack of independence on board
29/03/2022	Netmarble Corp.	Annual	All For		
29/03/2022	NHN Corp.	Annual	All For		
29/03/2022	Pan Ocean Co., Ltd.	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
29/03/2022	Samsung BioLogics Co., Ltd.	Annual	Against	2.1,2.2,2.3,4.1,4.2	Concerns to protect shareholder value
29/03/2022	SK Inc.	Annual	Against	2.2	Concerns about human rights
29/03/2022	SK Networks Co., Ltd.	Annual	Against	2.3,3 4 3.1,3.2	Concerns about overall performance Concerns about overall performance Lack of independence on board
29/03/2022	SSANGYONGC&E Co., Ltd.	Annual	Against	3.1 3.2 5	Concerns related to approach to board gender diversity Concerns related to approach to board gender diversity/Inadequate management of climate-related risks Inappropriate bundling of election of directors on a single vote
30/03/2022	Hankook Tire & Technology Co., Ltd.	Annual	Against	2	Apparent failure to link pay and appropriate performance
30/03/2022	HLB Co., Ltd.	Annual	Against	2	Concerns related to shareholder rights
30/03/2022	HYBE Co., Ltd.	Annual	All For		
30/03/2022	Korea Aerospace Industries Ltd.	Annual	Against	3	Concerns related to approach to board gender diversity
30/03/2022	NCsoft Corp.	Annual	All For		
30/03/2022	Pearl Abyss Corp.	Annual	All For		
30/03/2022	SillaJen, Inc.	Annual	All For		
30/03/2022	SK hynix, Inc.	Annual	All For		
30/03/2022	Solus Advanced Materials Co., Ltd.	Annual	All For		
31/03/2022	Coway Co., Ltd.	Annual	All For		
31/03/2022	Helixmith Co., Ltd.	Annual	All For		
31/03/2022	Kangwon Land, Inc.	Annual	All For		
31/03/2022	KRAFTON, Inc.	Annual	All For		
31/03/2022	Medy-Tox, Inc.	Annual	All For		
31/03/2022	SK Innovation Co., Ltd.	Annual	Against	4 2.1	Apparent failure to link pay and appropriate performance Concerns about overall performance
20/01/2022	BHP Group Limited	Special	All For		
28/01/2022	AusNet Services Ltd.	Court	All For		
03/02/2022	Sydney Airport	Court	All For		
03/02/2022	Sydney Airport	Court	All For		
24/02/2022	Aristocrat Leisure Limited	Annual	Against	3,5	Apparent failure to link pay and appropriate performance
29/03/2022	Credicorp Ltd.	Annual	All For		
22/02/2022	Centrais Elétricas Brasileiras SA	Extraordinary Shareholders	All For		
10/03/2022	Banco Bradesco SA	Annual	Abstain Against	4,6,7.1,7.2,7.3,7.4,7.5,7.6,7. 7.7,8,7.9,7.10,7.11,8 5.1,5.2,5.3,5.4,5.5,5.6,5.7,5. 11,9,10	
10/03/2022	Banco Bradesco SA	Annual	Against	11	
10/03/2022	Banco Bradesco SA	Annual	Against	1	
10/03/2022	Banco Bradesco SA	Extraordinary Shareholders	Against	6,7	
29/03/2022	TIM SA (Brazil)	Annual	Against	8 6	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
29/03/2022	TIM SA (Brazil)	Extraordinary Shareholders	All For		
30/03/2022	Sul America SA	Annual	Abstain Against	4,7,8.1,8.2,8.3,8.4,8.5,8.6,8. 7.8,8.9,8.10 6 15	Insufficient/poor disclosure Insufficient/poor disclosure Insufficient/poor disclosureApparent failure to link pay and appropriate performance
18/03/2022	MicroPort Scientific Corp.	Extraordinary Shareholders	Against	1,2	Apparent failure to link pay and appropriate performanceConcerns to protect shareholder value
05/01/2022	NARI Technology Co., Ltd.	Special	Against	1.1,1.1.2,1.3,1.4,1.5,1.6,1.7, 1.8,1.9,1.10,1.11,1.12,1.13,1 14.1,15,2,3,4	Concerns to protect shareholder value
10/01/2022	LONGi Green Energy Technology Co., Ltd.	Special	Against	2	Concerns related to shareholder rights
12/01/2022	China Railway Group Limited	Special	All For		
14/01/2022	China Longyuan Power Group Corp. Ltd.	Extraordinary Shareholders	Against	1	Concerns related to board gender diversity
14/01/2022	China Tower Corp. Ltd.	Extraordinary Shareholders	Against	1,3	Concerns related to approach to board gender diversity
14/01/2022	Midea Group Co. Ltd.	Special	All For		
14/01/2022	Pharmaron Beijing Co., Ltd.	Extraordinary Shareholders	Against	5,6,7,8,9,10,11,12	Insufficient/poor disclosure
14/01/2022	Pharmaron Beijing Co., Ltd.	Special	All For		
20/01/2022	China CITIC Bank Corporation Limited	Extraordinary Shareholders	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
24/01/2022	Shenzhen Topband Co., Ltd.	Special	All For		
07/02/2022	LB Group Co., Ltd.	Special	All For		
17/02/2022	Bank of China Ltd.	Extraordinary Shareholders	All For		
09/03/2022	China Yangtze Power Co., Ltd.	Special	Against	1.1	Concerns related to approach to board gender diversity
09/03/2022	Luxshare Precision Industry Co. Ltd.	Special	All For		
11/03/2022	Midea Group Co. Ltd.	Special	All For		
18/03/2022	Agricultural Bank of China Limited	Extraordinary Shareholders	All For		
25/03/2022	By-Health Co., Ltd.	Annual	All For		
22/02/2022	Grupo de Inversiones Suramericana SA	Extraordinary Shareholders	All For		
25/03/2022	Grupo de Inversiones Suramericana SA	Annual	Against	10	Concerns related to shareholder rights
25/03/2022	Interconexion Electrica SA ESP	Annual	Against	11	Insufficient/poor disclosureInappropriate bundling of election of directors on a single vote
27/03/2022	Commercial International Bank (Egypt) SAE	Annual	All For	12	Insufficient/poor disclosureInappropriate bundling of election of directors on a single vote
12/01/2022	Hindustan Unilever Limited	Special	All For		
19/01/2022	Kotak Mahindra Bank Limited	Special	All For		
12/02/2022	Tata Consultancy Services Limited	Special	All For		
19/02/2022	One 97 Communications Ltd.	Special	Against	1,2,3	Concerns to protect shareholder value
06/03/2022	Shriram Transport Finance Co. Ltd.	Special	All For		
09/03/2022	Reliance Industries Ltd.	Court	All For		
24/03/2022	ICICI Prudential Life Insurance Co. Ltd.	Special	All For		
25/03/2022	Tata Steel Limited	Special	All For		
26/03/2022	Divi's Laboratories Limited	Special	Against	3	Apparent failure to link pay and appropriate performance
26/03/2022	One 97 Communications Ltd.	Special	Against	1,2	Concerns related to approach to board gender diversity
27/03/2022	Dr. Reddy's Laboratories Ltd.	Special	All For	1	Insufficient justification for related party transaction
27/03/2022	HDFC Bank Limited	Special	All For		
27/03/2022	ICICI Bank Limited	Special	All For		
30/03/2022	UPL Limited	Extraordinary Shareholders	Against	4	Insufficient justification for related party transaction
27/01/2022	PT Merdeka Copper Gold Tbk	Extraordinary Shareholders	All For		
10/03/2022	PT Bank Mandiri (Persero) Tbk	Annual	Against	7,8	Concerns to protect shareholder value
15/03/2022	PT Bank Negara Indonesia (Persero) Tbk	Annual	Against	5,6	Insufficient/poor disclosure
17/03/2022	PT Bank Central Asia Tbk	Annual	All For		
27/01/2022	ICL Group Ltd.	Special	Against	A,B1,B2	Administrative declaration
30/03/2022	ICL Group Ltd.	Annual	Against	B1,B2	Administrative declaration
17/02/2022	Kuala Lumpur Kepong Bhd.	Annual	No Action Taken	A	
24/03/2022	CEMEX SAB de CV	Annual	All For		
24/03/2022	CEMEX SAB de CV	Annual	Against	4.a4,4.a5	Concerns related to succession planning
24/03/2022	CEMEX SAB de CV	Annual	Against	4.b	Concerns related to succession planning 2- Overboarded/Too many other time commitments
28/03/2022	Coca-Cola FEMSA SAB de CV	Annual	Against	4.a7	Overboarded/Too many other time commitments
31/03/2022	Compania de Minas Buenaventura SAA	Annual	Against	4.A7,4.B	
25/03/2022	Powszechny Zaklad Ubezpieczen SA	Special	All For		
30/01/2022	Saudi Electricity Co.	Ordinary Shareholders	Against		
21/02/2022	Saudi Telecom Co.	Ordinary Shareholders	Against	1	Insufficient/poor disclosure
28/02/2022	Advanced Petrochemical Co.	Ordinary Shareholders	All For		
01/03/2022	Jarir Marketing Co.	Ordinary Shareholders	Abstain	1.1,1.2,1.3,1.4,1.5,1.6,1.7,1.8,1.9,1.10,1.11,1.12,1.13,1.14,1.15,1.16,1.17,1.18,1.19,1.20,1.21,1.22,1.23,1.24,1.25,1.26,1.27,1.28,1.29,1.30,1.31,1.32,1.33,1.34,1.35,1.36,1.37,1.38,1.39	Insufficient/poor disclosure
			Against	2	Lack of independent representation at board committees

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
20/03/2022	Advanced Petrochemical Co.	Annual	Against	12 13,14	Apparent failure to link pay and appropriate performance Insufficient/poor disclosure
23/03/2022	Yanbu National Petrochemical Co.	Annual	All For		
09/02/2022	Sappi Ltd.	Annual	All For		
15/02/2022	Spar Group Ltd.	Annual	Against	6,9 3,1	Apparent failure to link pay and appropriate performance Lack of independent representation at board committees
16/02/2022	Tiger Brands Ltd.	Annual	All For		
28/01/2022	Thai Beverage Public Co., Ltd.	Annual	Against	10 5,1,3,5,1.5	Insufficient/poor disclosure Overboarded/Too many other time commitments
24/03/2022	Advanced Info Service Public Co., Ltd.	Annual	Against	5,1 8	Concerns related to approach to board gender diversity Insufficient/poor disclosure
28/03/2022	PTT Exploration & Production Plc	Annual	Against	7,5	Concerns related to approach to board gender diversity
29/03/2022	SCG Packaging Public Co., Ltd.	Annual	All For		
30/03/2022	The Siam Cement Public Co. Ltd.	Annual	All For		
17/01/2022	Türk Telekomunikasyon AS	Special	Against	4,5 3	Insufficient/poor disclosure Lack of independence on board
15/03/2022	Tofas Turk Otomobil Fabrikasi AS	Annual	Against	10,12 5,8	Insufficient/poor disclosure Lack of independence on board
17/03/2022	Eregli Demir ve Celik Fabrikalari TAS	Annual	Against	12 8 9,11,14	Concerns about reducing shareholder rights Inadequate management of climate-related risks Insufficient/poor disclosure
17/03/2022	Iskenderun Demir ve Celik AS	Annual	Against	9,11,13	Insufficient/poor disclosure
21/03/2022	Ford Otomotiv Sanayi AS	Annual	Against	10 9,11 7	Concerns related to Non-audit fees Insufficient/poor disclosure Lack of independence on board
23/03/2022	Arcelik AS	Annual	Against	10,12	Insufficient/poor disclosure
23/03/2022	Yapi ve Kredi Bankasi AS	Annual	Against	6 4	Insufficient/poor disclosure Lack of independence on board
25/03/2022	Enka Insaat ve Sanayi AS	Annual	Against	7	Insufficient/poor disclosure
25/03/2022	Türkiye Is Bankasi AS	Annual	Against	2,3 5	Concerns to protect shareholder value Insufficient/poor disclosure
28/03/2022	Akbank TAS	Annual	Against	4,5 7,8	Concerns to protect shareholder value Insufficient/poor disclosure
28/03/2022	Türkiye Sise ve Cam Fabrikalari AS	Annual	Against	6,7,12	Insufficient/poor disclosure
29/03/2022	Türk Hava Yollari AO	Annual	Against	7,9,11	Insufficient/poor disclosure
30/03/2022	Haci Omer Sabanci Holding AS	Annual	Against	7,11	Insufficient/poor disclosure
30/03/2022	Türkiye Petrol Rafinerileri AS	Annual	Against	10,13	Insufficient/poor disclosure
31/03/2022	Sasa Polyester Sanayi AS	Annual	Against	9,10,13	Insufficient/poor disclosure
31/03/2022	Türk Telekomunikasyon AS	Annual	Against	9,11,12 7,8	Insufficient/poor disclosure Lack of independent representation at board committees
31/03/2022	Türkiye Garanti Bankasi AS	Annual	Against	4,5 9	Concerns to protect shareholder value Insufficient/poor disclosure
23/02/2022	Emirates NBD Bank (P.J.S.C)	Annual	Against	10,14	Insufficient/poor disclosure
28/02/2022	First Abu Dhabi Bank PJSC	Annual	All For		
01/03/2022	Dubai Islamic Bank PJSC	Annual	All For		
31/03/2022	Raiffeisen Bank International AG	Annual	Against	7,2,7,6,7,7 7,3 7,1	Lack of independence on board Lack of independence on board Concerns related to approach to board gender diversity Lack of independence on board Concerns related to approach to board gender diversity
09/03/2022	GN Store Nord A/S	Annual	Abstain Against	8 7,2 5	Concerns related to Non-audit fees Overboarded/Too many other time commitments Apparent failure to link pay and appropriate performance
10/03/2022	Demant A/S	Annual	Abstain Against	6,a,6,b 8,c 4	Votes FOR candidates Anja Madsen (6c), Sisse Fjelsted Rasmussen (6d) and Kristian Villumsen (6e) are warranted due to a lack of concerns with regards to their election.Votes ABSTAIN for candidates Niels Christiansen (6a) and Niels Jacobsen (6b) are warranted because they are classified as non-independent while also sitting on the remuneration committee for which there is an insufficient level of independence. A vote AGAINST this item is warranted because the LTIP only has a one-year performance period. A vote AGAINST this item is warranted because the company's compensation framework raises concerns with regards to the alignment between company performance and payout to executives.
10/03/2022	Pandora AS	Annual	All For		
14/03/2022	Carlsberg A/S	Annual	All For		

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
15/03/2022	A.P. Moller-Maersk A/S	Annual	All For		
16/03/2022	Novozymes A/S	Annual	Abstain	8a 8d 10	Concerns related to inappropriate membership of committees Overboarded/Too many other time commitments
17/03/2022	Danske Bank A/S	Annual	Against		
17/03/2022	DSV A/S	Annual	Against	5	Apparent failure to link pay & appropriate performance
23/03/2022	H. Lundbeck A/S	Annual	Abstain	5.5	Overboarded/Too many other time commitments
24/03/2022	Novo Nordisk A/S	Annual	Abstain	6.3f	
24/03/2022	SimCorp A/S	Annual	Against	4 7c.A	Apparent failure to link pay and appropriate performance Concerns related to shareholder rights
29/03/2022	Genmab A/S	Annual	Against	7.a	
31/03/2022	Tryg A/S	Annual	All For		
01/03/2022	Kone Oyj	Annual	Against	10,11 13	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees Lack of independent representation at board committees
03/03/2022	Wartsila Oyj Abp	Annual	Against	14	Lack of independent representation at board committees
15/03/2022	Stora Enso Oyj	Annual	Against	14	Concerns related to inappropriate membership of committees Lack of independent representation at board committees
16/03/2022	Kojamo Oyj	Annual	Against	13	Concerns related to board gender diversity
22/03/2022	Valmet Corp.	Annual	Against	10	Apparent failure to link pay and appropriate performance
23/03/2022	Orion Oyj	Annual	All For		
24/03/2022	Nordea Bank Abp	Annual	All For		
28/03/2022	Fortum Oyj	Annual	All For		
29/03/2022	UPM-Kymmene Oyj	Annual	Against	10 13	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
30/03/2022	Neste Corp.	Annual	All For		
29/03/2022	Sartorius Stedim Biotech SA	Annual/Special	Against	7,9,24 4 20 18,19 15 14 10,17,21	Apparent failure to link pay and appropriate performance Insufficient justification for related party transaction Issue of equity raises concerns about excessive dilution of existing shareholders Issue of equity raises concerns about excessive dilution of existing shareholdersPoison pill/anti-takeover measure not in investors interests Lack of independent representation at board committees Lack of independent representation at board committeesConcerns related to inappropriate membership of committees Poison pill/anti-takeover measure not in investors interests
04/02/2022	ThyssenKrupp AG	Annual	Against	5 8 2	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Inadequate management of climate-related risks
08/02/2022	TUI AG	Annual	Against	8	Concerns about reducing shareholder rights
10/02/2022	Siemens AG	Annual	Against	6	Apparent failure to link pay and appropriate performance
11/02/2022	METRO AG	Annual	Against	5,1,5,3	Lack of independence on board
15/02/2022	Siemens Healthineers AG	Annual	Against	9 8 6	Apparent failure to link pay and appropriate performance Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
17/02/2022	Infineon Technologies AG	Annual	All For		
24/02/2022	Siemens Energy AG	Annual	Against	6	Apparent failure to link pay and appropriate performance
25/03/2022	Sartorius AG	Annual	Against	6,7 8.1,8.2,8.4,8.5 8.3 8.6	Apparent failure to link pay and appropriate performance Concerns related to succession planning Concerns related to succession planningConcerns related to inappropriate membership of committeesLack of independent representation at board committees Concerns related to succession planningLack of independent representation at board committees
30/03/2022	Carl Zeiss Meditec AG	Annual	Against	6	Issue of capital raises concerns about excessive dilution of existing shareholders
18/01/2022	Hellenic Telecommunications Organization SA	Extraordinary Shareholders	All For		
19/01/2022	Jumbo SA	Extraordinary Shareholders	Against	2	Inappropriate bundling of election of directors on a single vote
17/03/2022	Public Power Corp. SA	Extraordinary Shareholders	All For		
23/03/2022	Mytilineos SA	Extraordinary Shareholders	All For		
26/01/2022	Accenture Plc	Annual	All For		
27/01/2022	Greencore Group Plc	Annual	Against	3	Apparent failure to link pay and appropriate performance
25/02/2022	Glanbia Plc	Special	All For		
09/03/2022	Johnson Controls International Plc	Annual	Against	1a,1c,5	

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
28/01/2022	Prada SpA	Ordinary Shareholders	All For		
11/01/2022	Aroundtown SA	Ordinary Shareholders	Against	1	Issue of equity raises concerns about excessive dilution of existing shareholders
24/03/2022	SUSE SA	Annual	Against	6,7	Apparent failure to link pay and appropriate performance
31/03/2022	L'Occitane International S.A.	Extraordinary Shareholders	All For		
27/01/2022	Pepco Group NV	Annual	Against	5	Apparent failure to link pay & appropriate performance
29/03/2022	Randstad NV	Annual	Against	2b,4a	Apparent failure to link pay & appropriate performance
14/03/2022	SalMar ASA	Extraordinary Shareholders	All For		
24/03/2022	Gjensidige Forsikring ASA	Annual	Against	13.a	Lack of independence on boardLack of independent representation at board committees
11/03/2022	Mapfre SA	Annual	Against	18,19 6 7	Apparent failure to link pay and appropriate performance Concerns about reducing shareholder rights Concerns to protect shareholder value
15/03/2022	Naturgy Energy Group SA	Annual	Against	6,7,8,9,2,9.3 9.1 3 14	Concerns related to below-board gender diversity 2- Concerns related to board gender diversity Inadequate management of climate-related risks Issue of capital raises concerns about excessive dilution of existing shareholders
17/03/2022	Banco Bilbao Vizcaya Argentaria SA	Annual	All For		
23/03/2022	Bankinter SA	Annual	Against	10,2,12	Apparent failure to link pay & appropriate performance
24/03/2022	Siemens Gamesa Renewable Energy SA	Annual	Against	13	Apparent failure to link pay & appropriate performance
30/03/2022	Enagas SA	Annual	Against	8,10 6,3	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
31/03/2022	Aena S.M.E. SA	Annual	Against	11 12	Apparent failure to link pay & appropriate performance Inadequate management of climate-related risks 2- Insufficient basis to support a decision
31/03/2022	Banco Santander SA	Annual	Against	8.A,8.F 8.D	Apparent failure to link pay & appropriate performance
31/03/2022	EDP Renovaveis SA	Annual	Against	8 10	Apparent failure to link pay & appropriate performance Issue of capital raises concerns about excessive dilution of existing shareholders
22/03/2022	Skandinaviska Enskilda Banken AB	Annual	Against	14.a4 14.a1,14.a6,14.a7,14.a9,14.b	Lack of independence on board Lack of independence on boardLack of independent representation at board committees
23/03/2022	Svenska Handelsbanken AB	Annual	Against	18.1,18.5,18.7,18.8,19	
24/03/2022	Essity AB	Annual	Against	11.b,12,14,15 16	Apparent failure to link pay and appropriate performance
24/03/2022	SKF AB	Annual	Against	17 13.5 14 13.1	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees Overboarded/Too many other time commitments Overboarded/Too many other time commitments; Concerns related to board gender diversity
29/03/2022	Skanska AB	Annual	Against	12.b 16.c 12.e	Concerns related to inappropriate membership of committeesOverboarded/Too many other time commitments Concerns to protect shareholder value Overboarded/Too many other time commitments
29/03/2022	Telefonaktiebolaget LM Ericsson	Annual	Against	11,2,16.3	
30/03/2022	Electrolux AB	Annual	Against	17.c 13.b	Apparent failure to link pay and appropriate performance Concerns related to inappropriate membership of committees
30/03/2022	Holmen AB	Annual	Against	15.2 12.4,12.5 12.6 12.1 12.2,12.7	Concerns to protect shareholder value Lack of independence on board Lack of independence on boardLack of independent representation at board committees Lack of independence on boardLack of independent representation at board committeesOverboarded/Too many other time commitments
30/03/2022	Swedbank AB	Annual	Against	16	Lack of independence on boardOverboarded/Too many other time commitments Apparent failure to link pay & appropriate performance
31/03/2022	Castellum AB	Annual	All For		
31/03/2022	Lundin Energy AB	Annual	Against	12,19 16.c,16.f,16.g 16.b,16.d,16.j	Apparent failure to link pay and appropriate performance Lack of independence on board Lack of independence on boardOverboarded/Too many other time commitments
31/03/2022	Svenska Cellulosa AB SCA	Annual	Against	15,16 11.8 11.1,12	Apparent failure to link pay & appropriate performance Concerns related to inappropriate membership of committees 2- Lack of independent representation at board committees Concerns related to inappropriate membership of committees 2- Lack of independent representation at board committees 3- Overboarded/Too many other time commitments
25/01/2022	Sika AG	Extraordinary Shareholders	Against	2	Insufficient/poor disclosure

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
04/03/2022	Novartis AG	Annual	Against	11 6.3	Apparent failure to link pay & appropriate performance
09/03/2022	TE Connectivity Ltd.	Annual	Against	8 1i 16 14	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Concerns to protect shareholder value Issue of equity raises concerns about excessive dilution of existing shareholders
15/03/2022	Roche Holding AG	Annual	Against	2.1,2.2,5.8,5.14,6,7,10 5.3,5.13	Apparent failure to link pay & appropriate performance
17/03/2022	DKSH Holding AG	Annual	Against	4.2 5.3.2 8 5.1,3,5.2	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversity Insufficient/poor disclosure Overboarded/Too many other time commitments
22/03/2022	Schindler Holding AG	Annual	Against	4.2,4.3 5.1 5.3.c 4.1,6 5.2,5.3.b,5.3.g,5.3.i,5.3.j,5.4. 1 5.3.a,5.3.d,5.3.k 5.3.h,5.4.3	Apparent failure to link pay and appropriate performance Combined CEO/Chair Concerns related to inappropriate membership of committeesLack of independence on board Insufficient/poor disclosure Lack of independence on board Lack of independent representation at board committeesLack of independence on board Overboarded/Too many other time commitments
23/03/2022	Swiss Prime Site AG	Annual	Against	9.5 9.1.2 10	Concerns regarding Auditor tenure Concerns related to inappropriate membership of committees Insufficient/poor disclosure
24/03/2022	ABB Ltd.	Annual	Against	11 7.10	Concerns related to board gender diversity
24/03/2022	Givaudan SA	Annual	Against	7	Insufficient/poor disclosure
29/03/2022	SGS SA	Annual	Against	1.2 4.2 6 4.1.4	Apparent failure to link pay & appropriate performance Concerns related to below-board gender diversity Insufficient/poor disclosure Overboarded/Too many other time commitments
30/03/2022	Swisscom AG	Annual	Against	4.6 9	Concerns related to inappropriate membership of committees Insufficient/poor disclosure
31/03/2022	PSP Swiss Property AG	Annual	Against	2 5.6,7.3 5.4,7.1 12	Apparent failure to link pay and appropriate performance Concerns related to approach to board gender diversityLack of independent representation at board committees Concerns related to inappropriate membership of committeesLack of independent representation at board committees Insufficient/poor disclosure
25/01/2022	Metro Inc.	Annual	Against	1.2 5.8,9 6	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 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
02/02/2022	CGI Inc.	Annual	Against	1.15 1.3 3	Concerns about remuneration committee performance Concerns related to board ethnic and/or racial diversityConcerns to protect shareholder value SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
05/01/2022	Zscaler, Inc.	Annual	Against	3 1.2	Apparent failure to link pay and appropriate performance Concerns about overall board structureConcerns to protect shareholder value
13/01/2022	Micron Technology, Inc.	Annual	Against	1a	Concerns about remuneration committee performance
20/01/2022	Costco Wholesale Corporation	Annual	Against	5,6	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
20/01/2022	Intuit Inc.	Annual	Against	2 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
25/01/2022	Becton, Dickinson and Company	Annual	Against	3 1.7 4	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Shareholder proposal promotes appropriate accountability or incentivisation
25/01/2022	Hormel Foods Corporation	Annual	Against	4 3 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
25/01/2022	Jacobs Engineering Group Inc.	Annual	All For		
25/01/2022	Visa Inc.	Annual	Against	2 1b 1h	Apparent failure to link pay & appropriate performance Concerns about overall board structure Concerns about remuneration committee performance

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
26/01/2022	D.R. Horton, Inc.	Annual	Against	2 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
27/01/2022	Walgreens Boots Alliance, Inc.	Annual	Against	2 1j 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 enhanced shareholder rights
28/01/2022	WestRock Company	Annual	Against	2 1b	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
31/01/2022	PTC Inc.	Annual	All For		
01/02/2022	Aramark	Annual	Against	3 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
01/02/2022	Emerson Electric Co.	Annual	Against	1.1	Concerns about overall board structureConcerns related to board ethnic and/or racial diversity
01/02/2022	Rockwell Automation, Inc.	Annual	Against	B A1	Apparent failure to link pay and appropriate performance Concerns about overall board structure
09/02/2022	Atmos Energy Corporation	Annual	Against	3 1g	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
10/02/2022	Tyson Foods, Inc.	Annual	Against	1j 1b 3	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
23/02/2022	Deere & Company	Annual	Against	2 1j	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
23/02/2022	Franklin Resources, Inc.	Annual	All For		
24/02/2022	Raymond James Financial, Inc.	Annual	All For		
25/02/2022	Zendesk, Inc.	Special	Against	2 1	Concerns related to minority shareholder interest Insufficient justification for related party transaction
01/03/2022	Fair Isaac Corporation	Annual	All For		
01/03/2022	Nordson Corporation	Annual	Against	3 1.3	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performanceConcerns about overall board structure
04/03/2022	Apple Inc.	Annual	Against	1e,3,6 7,8,10	SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
09/03/2022	Analog Devices, Inc.	Annual	Against	2 1g	Apparent failure to link pay & appropriate performance Concerns about remuneration committee performance
09/03/2022	QUALCOMM Incorporated	Annual	All For		
09/03/2022	The Walt Disney Company	Annual	Against	3 6,7 5 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 SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes transparency
10/03/2022	AmerisourceBergen Corporation	Annual	Against	3,4 1g 5 6	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 2- SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes enhanced shareholder rights
10/03/2022	Applied Materials, Inc.	Annual	Against	1f,2,4	
10/03/2022	F5, Inc.	Annual	Against	4 1a	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
10/03/2022	Hologic, Inc.	Annual	Against	2 1d	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance
11/03/2022	Discovery, Inc.	Special	Against	1C	
16/03/2022	Agilent Technologies, Inc.	Annual	Against	1.1 2 4	Apparent failure to link pay & appropriate performance Apparent failure to link pay and appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes appropriate accountability or incentivisation

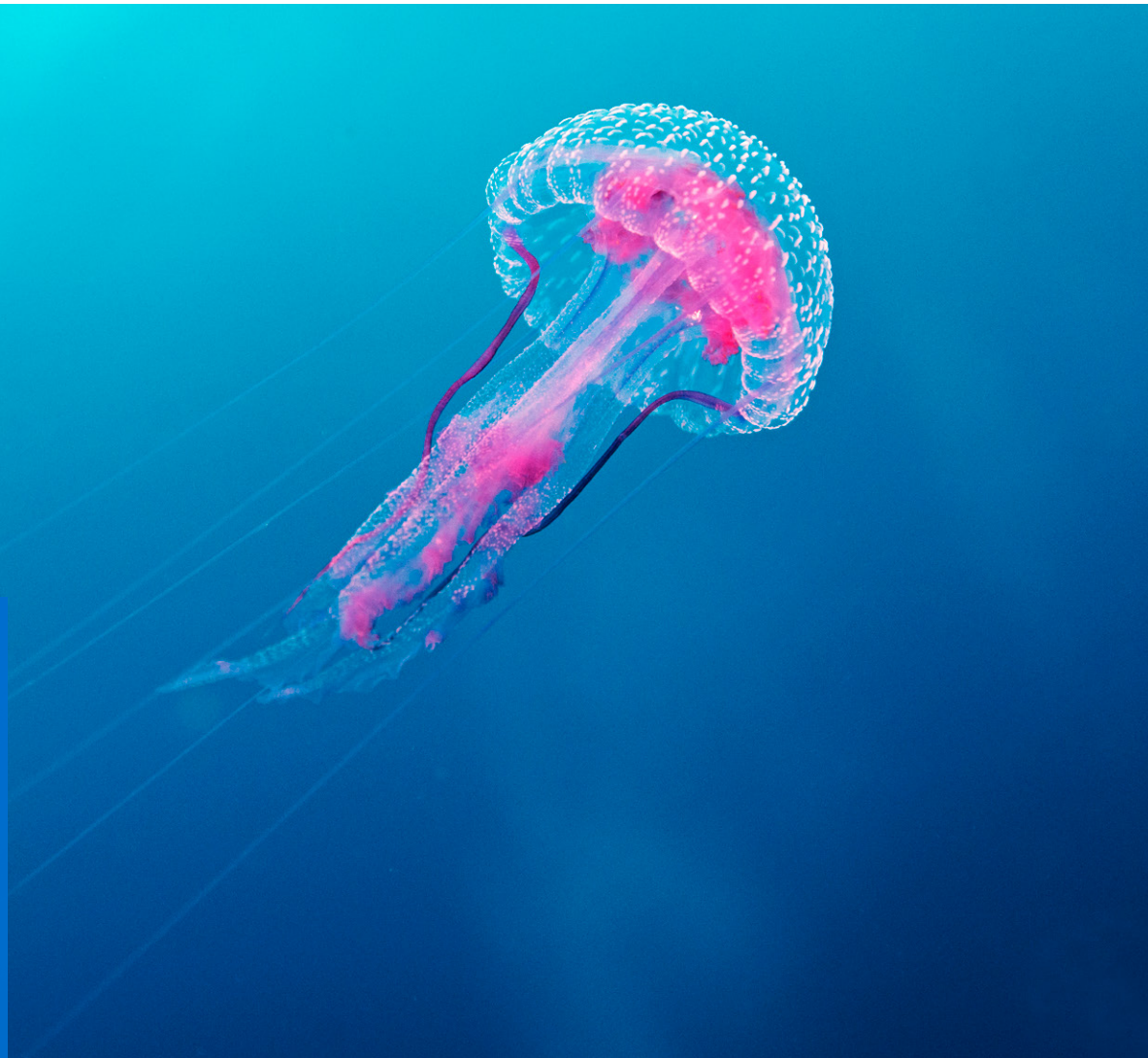
Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
16/03/2022	Starbucks Corporation	Annual	Against	3 5	Apparent failure to link pay & appropriate performance SH: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks
16/03/2022	The Cooper Companies, Inc.	Annual	All For		
17/03/2022	Keysight Technologies, Inc.	Annual	Against	1,1,3	
18/03/2022	HEICO Corporation	Annual	Against	1,3	Concerns about overall board structure 2- Concerns related to below-board gender diversity
11/01/2022	Bellevue Healthcare Trust plc	Special	All For		
11/01/2022	EVRAZ Plc	Special	All For		
13/01/2022	Centrica Plc	Special	All For		
13/01/2022	JPMorgan Japanese Investment Trust PLC	Annual	All For		
19/01/2022	Diploma Plc	Annual	Against	12	Apparent failure to link pay & appropriate performance
19/01/2022	WH Smith Plc	Annual	Abstain Against	10 2	Concerns to protect shareholder value Apparent failure to link pay and appropriate performance
20/01/2022	BHP Group (UK) Ltd.	Court	All For		
20/01/2022	BHP Group (UK) Ltd.	Special	All For		
20/01/2022	Countryside Partnerships Plc	Annual	All For		
20/01/2022	Vivo Energy Plc	Court	All For		
20/01/2022	Vivo Energy Plc	Special	All For		
25/01/2022	Auction Technology Group Plc	Annual	All For		
25/01/2022	Mitchells & Butlers Plc	Annual	Against	2,5,6,8	
26/01/2022	AJ Bell Plc	Annual	Against	2	Apparent failure to link pay & appropriate performance
27/01/2022	Britvic Plc	Annual	Against	4 7	Apparent failure to link pay & appropriate performance Overboarded/Too many other time commitments
28/01/2022	Amdocs Limited	Annual	Against	1,6	Concerns related to approach to board gender diversity Concerns related to approach to board diversity Concerns related to succession planning
28/01/2022	Avon Protection Plc	Annual	All For		
01/02/2022	Schroder AsiaPacific Fund PLC	Annual	Against	11	Concerns about reducing shareholder rights
02/02/2022	Edinburgh Worldwide Investment Trust PLC	Annual	All For		
02/02/2022	Imperial Brands Plc	Annual	All For		
02/02/2022	Playtech Plc	Court	All For		
02/02/2022	Playtech Plc	Special	All For		
03/02/2022	Compass Group Plc	Annual	All For		
03/02/2022	Future Plc	Annual	Against	3 7,9 5,10 2	Apparent failure to link pay and appropriate performance Concerns about remuneration committee performance Overboarded/Too many other time commitments Apparent failure to link pay & appropriate performance
03/02/2022	The Sage Group Plc	Annual	Against		
04/02/2022	Brewin Dolphin Holdings Plc	Annual	All For		
04/02/2022	Shaftesbury Plc	Annual	All For		
04/02/2022	SSP Group Plc	Annual	All For		
09/02/2022	Euromoney Institutional Investor Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
09/02/2022	Finsbury Growth & Income Trust PLC	Annual	All For		
09/02/2022	Grainger Plc	Annual	All For		
10/02/2022	easyJet Plc	Annual	Against	3	
10/02/2022	Tritax Eurobox Plc	Annual	All For		
11/02/2022	Victrex Plc	Annual	All For		
14/02/2022	GCP Infrastructure Investments Limited	Annual	Against	7	Concerns related to inappropriate membership of committees
16/02/2022	Liontrust Asset Management Plc	Special	Against	1,2	Apparent failure to link pay and appropriate performance
17/02/2022	Chrysalis Investments Limited	Annual	All For		
17/02/2022	Virgin Money UK Plc	Annual	All For		
22/02/2022	Wizz Air Holdings Plc	Special	All For		
24/02/2022	Integratin Holdings Plc	Annual	Against	2	Apparent failure to link pay and appropriate performance
24/02/2022	The Bankers Investment Trust PLC	Annual	All For		
02/03/2022	Paragon Banking Group Plc	Annual	All For		
03/03/2022	Aberforth Smaller Companies Trust PLC	Annual	All For		
03/03/2022	Chemring Group Plc	Annual	Against	2 5	Apparent failure to link pay and appropriate performance Overboarded/Too many other time commitments

Meeting	Company Name	Meeting Type	Voting Action	Agenda Item Numbers	Voting Explanation
08/03/2022	Oxford Biomedica Plc	Special	All For		
10/03/2022	Ferguson Plc	Special	All For		
11/03/2022	Tritax Eurobox Plc	Special	All For		
15/03/2022	abrdn Plc	Special	All For		
16/03/2022	Safestore Holdings Plc	Annual	All For		
22/03/2022	Crest Nicholson Holdings Plc	Annual	All For		
22/03/2022	Hochschild Mining Plc	Special	All For		
24/03/2022	Blackrock Throgmorton Trust PLC	Annual	All For		
25/03/2022	Beazley Plc	Annual	All For		
25/03/2022	Capricorn Energy Plc	Special	All For		
30/03/2022	Micro Focus International Plc	Annual	All For		

Q1 2022

ESG Impact Report

Global engagement
that aims to deliver
positive change



Foreword

Russia’s invasion of Ukraine during the first quarter of 2022 has shocked the world. Our thoughts are with the Ukrainian people and all those affected by the conflict.

From an investment stewardship perspective, we are engaging with the companies impacted – as we would in the event of any situation that has a material impact, whether manmade or natural. We are discussing a broad range of issues which include, for example, the treatment of employees, management of supply chains and adherence to sanctions and due diligence. Regarding voting, we will continue to operate in line with global sanctions, and will be looking to work with regulators globally to understand their longer-term approach to the exercise of voting rights at affected companies.

This is a sensitive and complicated topic; the asset management industry needs to strike an appropriate balance for our investors and for the countries and companies in which we invest. We have been working hard to ensure we’re engaging with all of our stakeholders in many different ways, and keeping our clients informed through our [blogs](#), webinars and [podcasts](#).

We believe stewardship encompasses all aspects of E, S and G and that none of these areas is static. Our focus five years ago was very different to where it is today. And this evolution will continue. As we move forward, through our research and our dialogue with companies, peers and policymakers, we aim to help LGIM achieve its purpose of creating a better future through responsible investing.

Kurt Morriesen
Head of Investment Stewardship

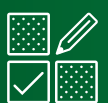
We believe stewardship encompasses all aspects of the E, the S and the G – and that none of these areas is static.

Our mission

We aim 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.

Action and impact

In preparation for the 2022 proxy voting season, which will gather pace in the second quarter, we have been focusing on areas where we are raising our expectations of companies and strengthening our voting policies. We would also draw readers' attention to the shareholder resolutions noted in the "Governance" section of this edition, and to emphasise their importance as a tactical strategy for escalating engagement with companies.

Environmental | Social | Governance

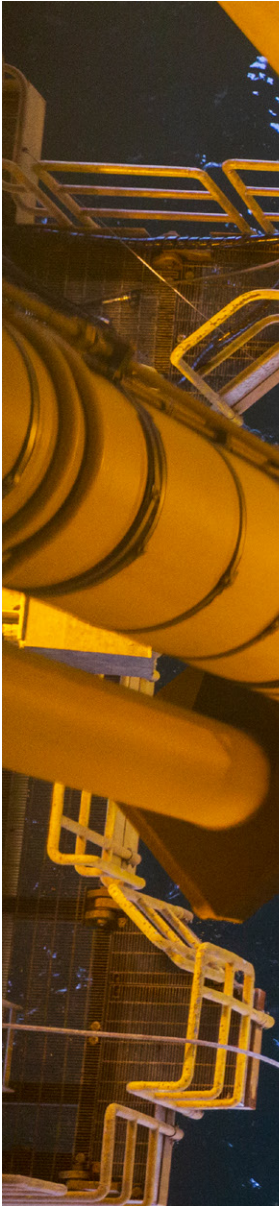
ESG: Environment

Say on Climate: our expectations of companies’ climate transition plans

In 2022, we are setting out our criteria for supporting management-proposed climate transition plans. We want to encourage companies to put forward credible and ambitious plans, and to avoid submitting half-baked proposals to a vote.

Climate change is one of the defining issues of our time, and we believe it is a financially material risk for companies, and that it is unrestrained by sector or geographical borders. Having strengthened our Climate Impact Pledge to expand its reach to around 1,000 companies and to raise our expectations of what we believe companies should be aiming for, last year we publicly called on companies to propose a ‘Say on Climate’ vote. We voted against several high-profile proposals in the 2021 AGM season where we believed that the plans proposed were not sufficiently robust or credibly aligned with net zero. This year, we have reinforced and clarified what we expect from companies.

Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.



Climate transition plans 2022: our expectations

Communicating our expectations to companies and explaining how we will apply our voting policy are crucial to both the effectiveness and credibility of our stewardship engagement. We aim to be as clear as possible, and we expect all climate transition plans to include the following:

- A public commitment to net zero by 2050;
- Disclosure of short-term (up to 2025), medium-term (2026-2035) and long-term (2036-2050) targets covering scope 1 and 2 emissions and material scope 3 emissions;
- Disclosure of current scope 1, 2 and material scope 3 emissions;
- Credible targets that are aligned to a 1.5°C trajectory. Gaining approval and verification by SBTi (or other external independent parties as they develop) can help demonstrate the credibility and accountability of plans.



Raising the bar

From 2023, we will increase the pressure on companies that fail to put suitably ambitious and credible transition plans to a shareholder vote by filing shareholder resolutions. This action is likely to be in conjunction with [Climate Action 100+](#), an investor-led initiative that aims to ensure the world’s largest corporate greenhouse-gas emitters take necessary action on climate change.

Turning up the heat: adapting to a warmer world

Many of our readers will have seen the recently released IPCC (Intergovernmental Panel on Climate Change) report, [Climate Change 2022: Impacts, Adaptation and Vulnerability](#), which we have summarised on our [blog](#). In addition to taking action to reduce greenhouse gas emissions, we believe that both action and investment are required to adapt to a warmer world: from everyday living to buildings, infrastructure and energy, current financial flows remain insufficient to overcome the scale of global adjustment required to mitigate these risks.

As stewards of our clients’ assets, we have long asked investee companies to assess not only transition risks, but also how they and their supply chains stand to be affected by the physical impacts from climate change. Through our [Climate Impact Pledge](#), we hold companies to account on both disclosure and action, while analysing climate risks in our own portfolios; our [Destination@Risk toolkit](#) allows us to quantify the impacts of chronic physical risk from changes in labour productivity on our asset valuations. By acting on these risks, we believe investors can help encourage the climate resilience of portfolio companies, as well as channelling investment towards adaptation solutions.

Assumptions, opinions and estimates are provided for illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

Companies are increasingly being challenged and held to account for their own policies and programmes to tackle deforestation.



Brazil: protecting the Amazon

The destructive impact of deforestation has become increasingly prominent over recent years – tragic forest fires, particularly on the East Coast of the US and in Australia have focused attention on the devastating environmental impacts of the loss of forests.

When it comes to commodity-driven deforestation, we know this must end if we are to tackle the dual threat of climate change and biodiversity loss. Companies are increasingly being challenged and held to account for their own policies and programmes to tackle deforestation in direct operations and supply chains, and through financing and investment.

1. [Environment will launch new edition of the Guardians of the Biome program - ISTOÉ DINHEIRO - Pledge Times](#)
[Ethnic diversity on boards: results and reflections on our campaign so far \(Iqimblog.com\)](#) All data in this section as at 17 March 2022.

But deforestation is not just a company issue: national policymakers have a significant role to play through the development and enforcement of appropriate regulation. As part of our ongoing work as a member of the [Investors Policy Dialogue on Deforestation](#), we recently joined a meeting with the Brazilian Environment Ministry where we received an update on current and upcoming projects and plans to tackle deforestation in Brazil. We were encouraged to hear of the launch of a special environmental task force, ‘Guardians of the Biome’, with 10 physical bases within the Amazon basin, where 1,200 agents and officials will work in partnership with the state government.¹ Targeting illegal logging and other types of environmental crime linked to deforestation, this taskforce will be coordinated by the Ministries of Environment, Justice and Public Security. In addition to the current satellite images that are being used to monitor suppression of vegetation and deforestation, the ministry will be launching a monitoring system and will work on developing deforestation datasets.



Environmental | Social | Governance

ESG: Social

Ethnic diversity: welcome onboard!

Ahead of the 2022 proxy voting season, we reassessed the data from our ethnic diversity campaign, which we began in August 2020.² Our campaign was targeted specifically at FTSE 100 and S&P 500 companies with no ethnic diversity on their boards and our aim was to encourage them to appoint at least one ethnically diverse director by the end of 2021. In writing to these individual companies to express our views, we explained that from 2022, we will be [voting against](#) the chair of the nomination committee of those US companies, or the chair of the board of those UK companies, which fall short of our expectations on ethnic diversity. Having identified 79 companies initially, what follows is more detail on the improvements we've seen.

2. [Ethnic diversity on boards: results and reflections on our campaign so far \(lgimblog.com\)](#) All data in this section as at 17 March 2022.



We believe that improving diversity in all its forms is financially material; we believe more diverse organisations make better strategic decisions, show superior growth and innovation, and exhibit lower risk. The improvement in diversity at these 51 companies is of course not the sole result of our campaign – market influence and collaboration are vital cogs in the machinery of driving change. The [Nasdaq board diversity](#) rule, which received approval in August 2021, and Institutional Shareholder Services’ (ISS’s) update of its [proxy voting policy](#) to include a position on board diversity, are both significant steps which not only demonstrate how important the issue of ethnic diversity is becoming, but also demonstrate a clear market shift. As part of our collaborative stance, we have shared our ethnic diversity policy not only with our campaign focus companies but also with peers, clients and broader diversity coalitions such as the [30% Club](#), which has also recently updated its own policies to include ethnic diversity.

This campaign also reminded us of the importance of data, both in terms of accuracy, and in terms of really understanding what we are being shown. We were meticulous in confirming the accuracy of data with companies – ethnic diversity data can be both sensitive and elusive. Nevertheless, the data we obtained from ISS was for the most part reliable; instances where it was found to be inaccurate were often down to the methodology of data collection, and the location and type of company disclosure. We are acutely aware of the key role of transparency and disclosure when it comes to stewardship and will be closely observing how data quality from our third-party sources evolves and improves.

In addition to implementing our [ethnic diversity voting policy](#), we will continue to expand our focus to include more companies and more countries; our first campaign was the tip of the ethnic diversity iceberg and, as with gender diversity, we would expect many more engagements and deeper discussions to emerge over time.

We believe that improving diversity in all its forms is financially material; we believe more diverse organisations make better strategic decisions, show superior growth and innovation, and exhibit lower risk.



Keidanren: speaking at the Japan Business Federation

At LGIM, our goal is to create a better future through responsible investing, and we take our responsibility as asset owners very seriously.

We were delighted that our CEO Michelle Scrimgeour was invited to give the keynote speech for [Keidanren](#), the Japan Business Federation, at their High-Level Symposium in January 2022. Keidanren has a membership of over 1,400 representative companies in Japan, 109 nationwide industrial associations, and regional economic organisations for the 47 prefectures. As a ‘comprehensive economic organisation’, its aims are to contribute to the sustainable development of the Japanese economy and improvement in the quality of life for Japanese society.³

Michelle’s speech on *How financial institutions can contribute to realise a sustainable society through innovation* explained our vision of inclusive capitalism and how our integrated stewardship and investment activities are designed to aim for a better society. She also referenced the teaching of *sampō yoshi*, first used by the Omi merchants of the Edo period,⁴ who believed that business should benefit society as well as the buyer and seller in any transaction. To be invited to speak at Keidanren’s symposium was a privilege, and to be able to share LGIM’s views with some of the CEOs of leading companies in Japan was a great recognition of how far we have come, and provided encouragement regarding the resonance of our stewardship aims and activities in Japan. Michelle was joined by Nigel Wilson, CEO of L&G, and the video of the speech can be viewed on our [Japan website](#).



3. Figures and summary of the Keidanren’s aims sourced from Keidanren’s [website](#) on 07 April 2022

4. 1603-1867, a period which also saw the creations of some of the best-known works of Japanese art, including Hokusai’s [The Great Wave](#).

Thematic update: AMR by the GRAM!

Antimicrobial resistance (AMR) is one of our global engagement themes: The [World Health Organisation](#) (WHO) describes AMR as one of the top 10 global public health threats facing humanity today, and as a global investor across multiple asset classes, LGIM is exposed via multiple sectors from healthcare and pharmaceuticals, to travel and leisure.

As part of our ongoing research and engagement in this field, we joined the official launch of the findings of the Global Research on Antimicrobial Resistance Findings group ('GRAM'), (Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis) which was published in [The Lancet](#) medical journal in January 2022. Collaborations with experts are a crucial part of our engagement activities: they help us build knowledge and a network of supporters, and they help us to have more in-depth and detailed conversations with companies and policymakers to identify potential areas of risk, and to formulate solutions.

AMR will continue to be an area of focus for us throughout 2022 and beyond. Like all of our global engagement themes, it is very much a long-term issue but as has become so clear with topics such as climate change, taking early action on long-term problems is vital for creating a sustainable future.



Significant vote

ISIN	US0378331005
ISIN	US0378331005
Company name	Apple Inc*
Market Cap	\$2.845 trillion, as at 06.04.2022. Source: Reuters
Sector	Information technology (MSCI sector)
Issue identified	Human rights and freedom of association are coming under increased scrutiny in the US, and we are increasing our engagement in this field.
Summary of the resolution	This was a shareholder resolution for a Civil Rights Audit Report.
How LGIM voted	We voted FOR the resolution (i.e., against management)
Rationale for the vote decision	A vote in favour was applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.LGIM engaged with the company prior to the annual meeting and communicated our policies and how we were likely to vote.
Outcome	53.55% of the votes were in favour of the resolution. Apple shareholders have generally sided with management in recent past. The reversal of that trend for such a proposal indicates a shift in preferences amongst shareholders and highlights the potential impact such resolutions can have in the future. We will continue to engage with Apple* on this topic to track what changes are made in response to this resolution and the effects of such changes.
Why is this vote 'significant'?	This was a high-profile vote which has a degree of controversy such that there is high client and/or public scrutiny.

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



Amazon*: human rights and freedom of association

Over the last year, we have engaged with Amazon* five times, independently and collaboratively, to discuss the company's approach to, and policies on, human rights. The shareholder resolution that LGIM supported at the company's AGM in 2021 asked for a civil rights, equity, diversity and inclusion audit report, and gained 45% support from shareholders. Ahead of another AGM season, where we expect to see a number of shareholder proposals on Amazon's ballot relating to social issues, we engaged with the company to make some specific requests and to understand its latest progress on some key social topics.

Human rights

LGIM

Following the shareholder resolution in 2021, we asked how the company plans to improve its disclosure and transparency on civil rights, equity, diversity and inclusion.

Amazon

Amazon explained that its recently published Human Rights Impact Assessment (HRIA) fulfils this demand, which sets out the 'salient human rights risks' they have identified.

LGIM

We questioned whether there would be reporting against these identified risks.

Amazon

Amazon explained it has recently published its first report on its [Commitment to Safety, Health, and Well-Being](#), and is currently working on reporting on the areas of Right to Privacy and Product Safety and Security. In mid-March 2022, the company published its [human rights commitment](#), policy and practice, including freedom of association and collective bargaining. However, it was unclear whether there will be further reporting on its other findings or indeed the process undertaken and frequency of the assessment.

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Freedom of association

One of the risks identified by the company in its HRIA is Freedom of Association. Last year, we reported that Amazon* had been accused of interfering with efforts by its workers to unionise.⁵ This activity has since been investigated and, following a decision by the US National Labor Relations Board Region (NLRB) that declared Amazon's* conduct to be inappropriate and not in line with International Labour Organisation (ILO) standards, it was deemed that a new election should be conducted on 4 February 2022 and concluded at the end of March 2022.⁶

LGIM

Notwithstanding the result of this election, we requested, in a second collaborative letter we signed in January 2022, that the company:

- Immediately adopt a global policy of neutrality;
- Should a majority of the voting employees vote for the union in Bessemer, commit to negotiate with the union in good faith; and
- Initiate dialogue with the relevant trade unions at a national and global level on how Amazon can implement its labour rights commitments.

Amazon

However, the company argued that it currently adheres to all ILO standards on freedom of association and pointed us to the disclosure referenced above.

5. [ESG impact report Q1 2021 \(lgim.com\)](#)

6. NLRB calls new election at Amazon warehouse - The Washington Post

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Gender/racial pay gap

LGIM

A report for additional information on the company's gender/racial pay gap was also requested at the 2021 AGM; we supported this, and it gained 35% support from shareholders. We asked the company about its intentions to provide this information, given the significant level of support from shareholders.

Amazon

However, the company does not believe this information provides anything that is not already provided in its workforce data breakdown and therefore has no plans to disclose this information.

LGIM

We pressed for such reporting, explaining that it is an effective way for investors to assess how a company is thinking about how to attract, retain, engage and advance more women and minorities up through the talent pipeline.

We will be engaging with the company ahead of its AGM in May 2022 on all of these issues and more, asking for improvements in practices and disclosure.

ESG: Governance

Ahead of the proxy voting season in Q2 2022, we have decided to focus on shareholder resolutions in this section of the report. Shareholder resolutions are part of our engagement strategy and as we prepare for this year’s set of AGMs, we provide more detail and some recent case studies to shine a light on this area of engagement.

Why might we consider filing a shareholder resolution?

Our engagement process with companies is structured: we have a number of different ‘levers’ we can pull to escalate an issue – depending on the company and depending on the topic, we will use a different selection. Filing such a resolution puts pressure on a company and encourages them to discuss and resolve issues with us, and to propose and take actions, in order to avoid the topics raised being included on their AGM agenda and potentially being put to a shareholder vote.

We are approached on a regular basis by shareholder organisations about filing shareholder resolutions on a range of topics – we consider each of these requests on an individual basis, comparing the resolution demands against our own views and policies, and considering the alignment with our global themes and engagement programmes. As a consequence, we do not agree to co-file every resolution that comes our way, but where we have filed or collaborated on select proposals, we have found that they have been an effective means of escalation. This engagement demonstrates the value of working individually with companies and identifying when escalation will help achieve a result.

7. [About us – Sainsbury’s \(sainsburys.co.uk\)](#)
8. [Sainsbury’s lifts pay after shareholder pressure - BBC News](#)

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In the following section, we provide a set of recent examples to illustrate why we may or may not file or co-file a shareholder resolution, how it can help to escalate our engagement.

Sainsbury’s*: co-filing a shareholder resolution

LGIM, together with [ShareAction](#), other asset owners and asset managers, has co-filed a shareholder resolution calling on Sainsbury’s to become a [living-wage accredited](#) employer by its AGM in 2023. With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury’s is one of the largest supermarkets in the UK.⁷ Although Sainsbury’s is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited.

LGIM decided to co-file this resolution because of Sainsbury’s decision to split its London employees into ‘inner’ and ‘outer’ London, with those in ‘outer’ London paid less than the real living wage of £11.05 per hour (‘outer’ London employees were offered £10.50 per hour). Although the hourly rate differential appears small, when multiplied by the total hours worked, this would make a material impact on affected employees’ ability to meet the demands of the cost-of-living crisis as inflation costs soar and the economy struggles to recover from the effects of the COVID-19 pandemic.

We are delighted to see that on 8 April, Sainsbury’s announced that it would increase the wages of their ‘outer’ London employees to match their ‘inner’ London employees. Income inequality is one of our key global themes, and we will continue to engage on this topic with companies in the years ahead.

Moderna*: using a shareholder resolution to escalate our engagement

In our [Q4 2021 Impact Report](#), we summarised our ongoing engagement with Moderna, under the broader theme of fair access to COVID-19 medicines. This quarter, we are pleased to provide a further chapter to this engagement story!

The story so far: a brief recap

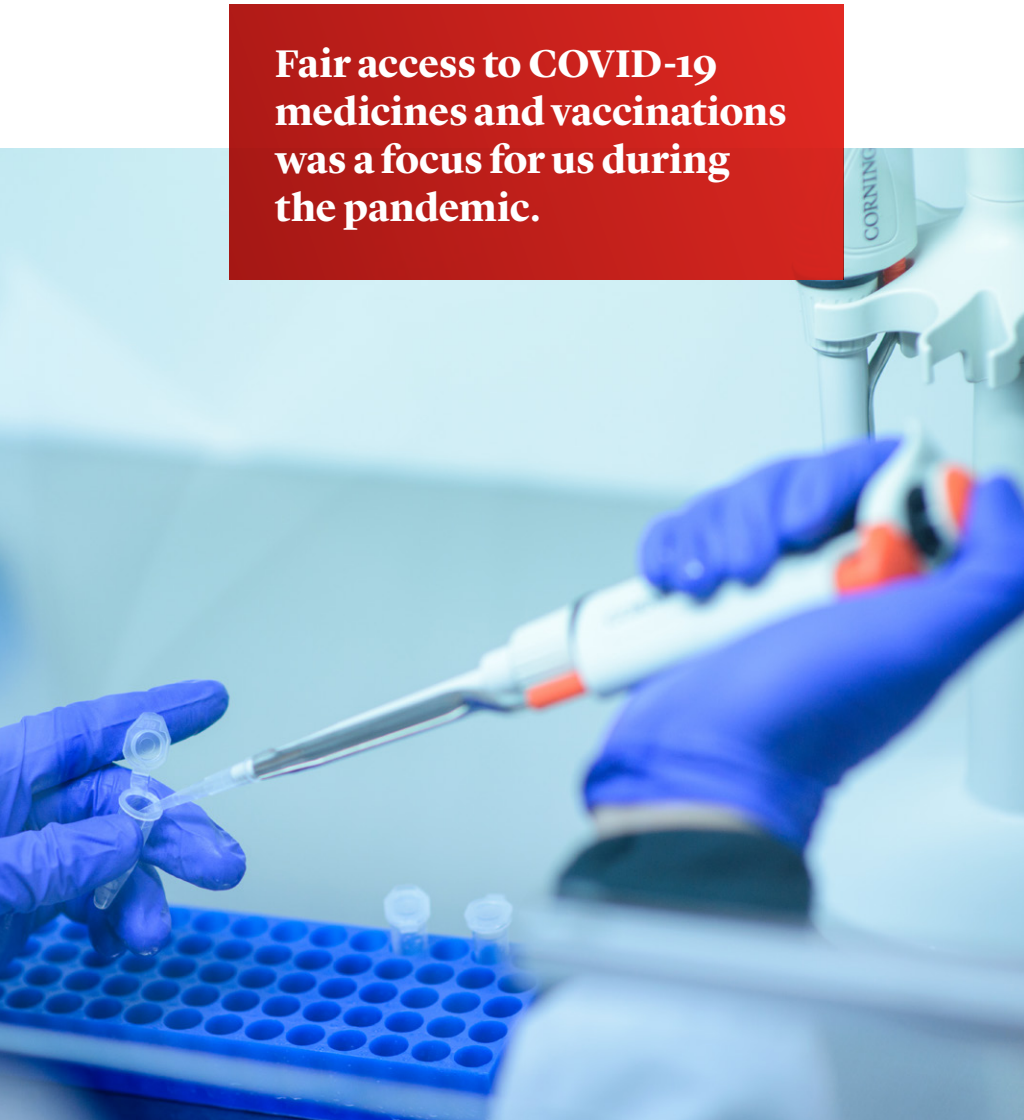
Fair access to COVID-19 medicines and vaccinations was a focus for us during the pandemic: in 2020, together with AXA Investment Management and the [Access to Medicine Foundation](#), we wrote an open letter to global pharmaceutical companies, asking them to undertake practical steps to accelerate research and development efforts and overcome potential barriers to rapid and widespread access to COVID-19 medicines and vaccines. These included sharing intellectual capital; working with governments across all levels of income, not just higher-income countries; and sharing manufacturing capacity. We also wrote individually to some of the largest pharmaceutical companies in the world to express our views.

Together with the [Interfaith Center on Corporate Responsibility](#) (ICCR), we worked on and led the filing of a shareholder resolution requesting that Moderna disclose how its receipt of government financial support for development and manufacture of COVID-19 vaccines is being considered when making decisions that affect access to such products, such as pricing.

What happened next?

Following our subsequent discussions and communications with the company, the management of Moderna agreed to meet many of our demands for greater transparency by publishing a report containing the information we had requested, prior to its forthcoming AGM. As a result, having worked with Moderna to improve their public disclosures, we were able to withdraw the shareholder proposal.

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



Fair access to COVID-19 medicines and vaccinations was a focus for us during the pandemic.

Unilever*: deciding not to co-file a shareholder resolution

Nutrition is a key focus area within our overall health theme: it affects many market sectors in which our clients are invested, from the food industry to pharmaceuticals and healthcare. We are members of the [Access to Nutrition Initiative](#) (ATNI) which, via its [Global Index](#), assesses how the world’s food and beverages manufacturers contribute to address malnutrition in all its forms. The Index ranks these companies with regards to governance and management; the production and distribution of healthy, affordable, accessible products; and how they influence consumer choices and behaviour.

We are also members of the [ShareAction Healthy Markets Initiative](#), which is specifically focussed on improving children’s health by improving access to healthy, affordable food.

Unilever is a well-known consumer brand and market-leader across a variety of food products, operating in many countries around the world. Under ATNI’s latest Global Index, Unilever’s score had fallen. We co-signed a letter with other initiative members to Unilever, highlighting the areas which have been indicated for improvement, which included:

- products: the amount of revenue generated from “healthy” products and beverages, and questions over the discrepancy of this figure versus the percentage of products that Unilever states meets the highest global nutrition standards
- targets for affordability of healthy products
- applying “responsible marketing” to children under the age of 18 (not just under 12)
- transparency regarding targets to increase the volume of sales of healthy products

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

In December 2021, ShareAction filed a shareholder proposal at Unilever asking first, that the company disclosure of the proportion of food and drink sales from healthier products be aligned with existing government-endorsed nutrient profiling models, and second, that the company set a strategy and targets in order to significantly increase this proportion in the longer term.

We decided against co-filing on this shareholder resolution. While agreeing with the overall purpose and aims of the resolution, we were not in complete alignment with some of the more granular details of the resolution. We met with the company several times during and after the filing of the resolution to understand its position, and to support the dialogue between ShareAction and the investor coalition filing the resolution. We were pleased with the outcome of these dialogues, which led to the withdrawal of the resolution in March 2022. We look forward to working with ShareAction, the investor coalition and Unilever on the company’s commitments.

We will continue to engage and closely monitor the improvements being made here, as this is an area that affects the food and beverages sectors as a whole, that indirectly affects many different market sectors in which our clients are invested, and which is vital for long-term sustainability.



Public policy update

As a significant long-term global investor, including in sovereign debt, LGIM has a responsibility to ensure that markets operate efficiently, to protect the integrity of the market, foster sustainable and resilient economic growth, and protect the value of our clients’ assets.

In this regard, LGIM engages at a macro level with policymakers and regulators across the world. LGIM focuses this policy dialogue on sustainability issues that it identifies as systemic risks, and the development of a robust international system of sustainable finance regulation. Opposite, we highlight a few examples a few examples over the past quarter.

LGIM engages at a macro level with policymakers and the regulators across world.



United Kingdom

LGIM continues to engage with stakeholders and the UK government on the development of sustainable finance regulation. Specific examples include, the development of the Sustainable Disclosure Requirements regime ([announced](#) by the Chancellor of the Exchequer last year), the UK Green Taxonomy, and the next steps for Green Finance Strategy.

LGIM is very supportive of the government's progress to date; however, we are keen to see harmonisation with other markets, namely the European Union. LGIM is also supportive of appropriate sequencing of regulation across the investment chain, particularly that the foundations for a transparent system – i.e., corporate disclosures – are both robust and first in the queue. We expect significantly more focus on UK Sustainable Finance regulation over the coming months.

LGIM has also engaged with: i) the government on strengthening support for energy efficiency measures in homes; ii) the Department for Environment, Food, & Rural Affairs (DEFRA) consultation on implementation of due diligence provisions in the Environment Act to help tackle [illegal deforestation in UK supply chains](#); and iii) stakeholders on strengthening policy on ‘social’ issues.



European Union

At the end of last year, LGIM and key stakeholders such as [FAIRR](#), [highlighted](#) that the proposals for the agricultural sector in the EU Taxonomy presented a serious risk for the transition to net zero and biodiversity loss. During this quarter LGIM met with an MEP to reiterate our concerns, however, this remains an issue to follow closely.

LGIM also [strongly supports](#) the recent release of the extended taxonomy report by the [Platform on Sustainable Finance](#). The report proposes the introduction of an ‘amber’, or transition, category, thereby providing investors with clear definitions as to what is truly, green, or what is still transitioning.



Japan

Following last year's COP26, LGIM has recently supported a [letter](#) (coordinated by the Investor Agenda) to the Prime Minister requesting that Japanese government strengthen its [Nationally Determined Contribution](#) (NDC) through setting out an actionable roadmap to phase out coal and expand investment clean energy technology.



United States

The United States continues to accelerate its focus on strengthening the regulatory environment to support ESG investing, encourage climate-related disclosures and, following the signing of the Global Methane Pledge at COP26, reduce methane emissions across the US. In this regard, LGIM and LGIMA engaged with the Environmental Protection Agency (EPA) on [controlling air pollution from the Oil and Natural Gas Industry](#). We highlighted four recommendations to the EPA: i) encouraging monitoring smaller wells below three tons per year, ii) strengthen rules to address routine flaring, iii) encourage use of zero-emitting pneumatic controllers, and iv) encouraging adoption of a reporting framework from which investors can utilise the data.

LGIM and LGIMA also engaged with the Securities Exchange Commission on the proposed rule on [Pay Versus Performance](#). The rule would amend executive compensation disclosure to compensation actually paid by a registrant related to the financial performance of that company. We were encouraged to see the proposals, and [in our feedback](#), we outlined four recommendations of how the rule could be strengthened. These were especially focused on payments i) being fair, balanced, and understandable, ii) promoting long-term decision making, iii) being accompanied by a full explanation, and iv) being in equity while employed and thereafter.

International

At an international level, LGIM has supported the [Business Call](#) and [Business Statement](#) that advocated for member states to establish a legally binding United Nations (UN) Treaty on Plastic Pollution at the UN Environment Assembly in late February. LGIM is pleased to see member support for the resolution that would create a robust treaty covering the ‘full lifecycle’ of plastic production, from production to disposal. LGIM will continue to engage with negotiations over the coming months.

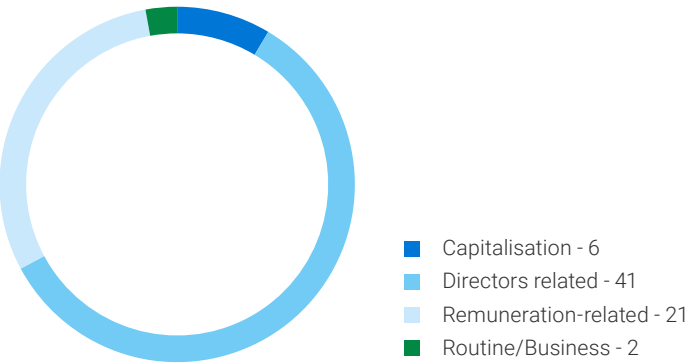
In light of Russia’s invasion of Ukraine, LGIM and FAIRR have worked together to highlight the significant vulnerabilities in our interconnected food system. [In our recent blog](#), we are encouraging policymakers to reform agricultural programmes in a way that both delivers on climate change whilst delivering long-term food security. We are reiterating the importance of an often overlooked sector, and that agricultural policy is key to enabling a ‘Just Transition’ to net zero, minimising nature loss, and building a more robust, resilient and stable global food system.

Regional updates

UK - Q1 2022 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	53	0	0
Capitalisation	276	6	0
Directors related	450	41	0
Remuneration related	90	21	0
Reorganisation and Mergers	23	0	0
Routine/Business	330	2	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors Related	0	0	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	0	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	1222	70	0
Total resolutions	1292		
No. AGMs	75		
No. EGMs	32		
No. of companies voted	102		
No. of companies where voted against management /abstained at least one resolution	34		
% no. of companies where at least one vote against management (includes abstentions)	33%		

Votes against management



Number of companies voted for/against management



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

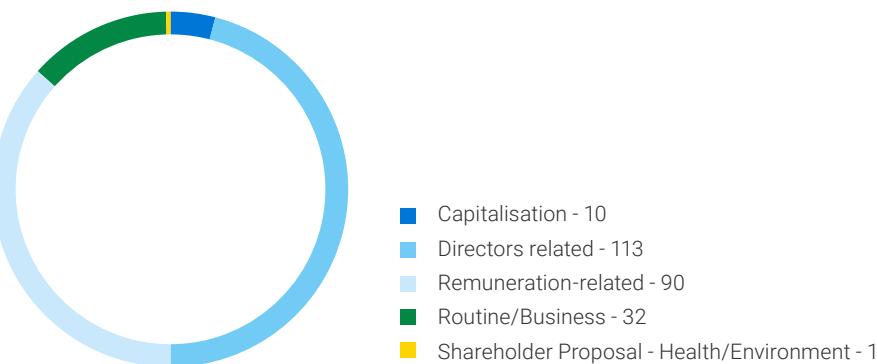
LGIM voted against at least one resolution at 33% of UK companies over the quarter.



Europe - Q1 2022 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	1	0	0
Capitalisation	111	10	0
Directors related	481	113	30
Remuneration related	53	90	0
Reorganisation and Mergers	7	0	0
Routine/Business	413	32	4
Shareholder Proposal - Compensation	2	0	0
Shareholder Proposal - Corporate Governance	1	0	0
Shareholder Proposal - Directors Related	4	0	2
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	1	0
Shareholder Proposal - Other/Miscellaneous	2	0	0
Shareholder Proposal - Routine/Business	21	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	1096	246	36
Total resolutions	1378		
No. AGMs	69		
No. EGMs	4		
No. of companies voted	73		
No. of companies where voted against management /abstained at least one resolution	68		
% no. of companies where at least one vote against management (includes abstentions)	93%		

Votes against management



Number of companies voted for/against management



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

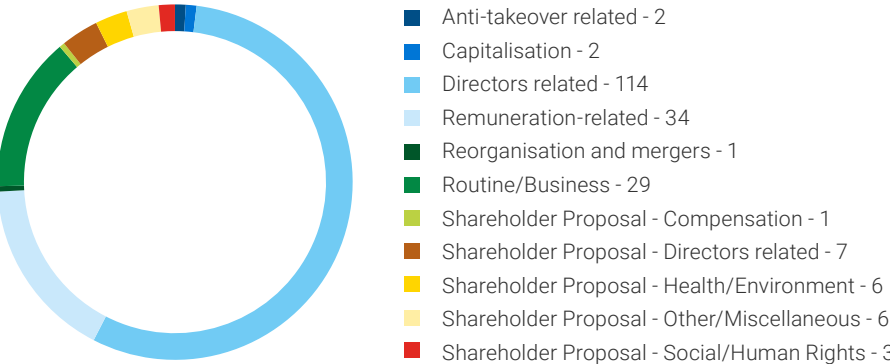
LGIM voted against at least one resolution at 93% of European companies over the quarter.



North America - Q1 2022 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	1	2	0
Capitalisation	13	2	0
Directors related	292	114	0
Remuneration related	16	34	0
Reorganisation and Mergers	1	1	0
Routine/Business	33	29	0
Shareholder Proposal - Compensation	1	1	0
Shareholder Proposal - Corporate Governance	4	0	0
Shareholder Proposal - Directors Related	2	7	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	6	0
Shareholder Proposal - Other/Miscellaneous	2	6	0
Shareholder Proposal - Routine/Business	2	0	0
Shareholder Proposal - Social/Human Rights	0	3	0
Shareholder Proposal - Social	0	0	0
Total	367	205	0
Total resolutions	572		
No. AGMs	43		
No. EGMs	2		
No. of companies voted	45		
No. of companies where voted against management /abstained at least one resolution	44		
% no. of companies where at least one vote against management (includes abstentions)	98%		

Votes against management



Number of companies voted for/against management



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

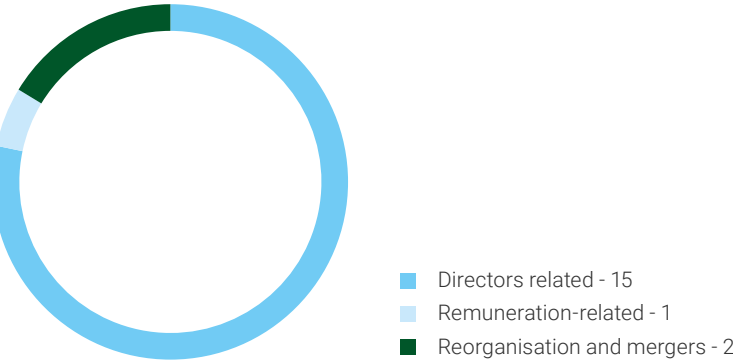
LGIM voted against at least one resolution at 98% of North American companies over the quarter.



Japan - Q1 2022 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	0	0	0
Capitalisation	0	0	0
Directors related	581	72	0
Remuneration related	44	5	0
Reorganisation and Mergers	60	15	0
Routine/Business	48	0	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	1	0	1
Shareholder Proposal - Directors Related	0	0	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	0	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	734	92	1
Total resolutions	827		
No. AGMs	67		
No. EGMs	6		
No. of companies voted	73		
No. of companies where voted against management /abstained at least one resolution	54		
% no. of companies where at least one vote against management (includes abstentions)	74%		

Votes against management



Number of companies voted for/against management



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

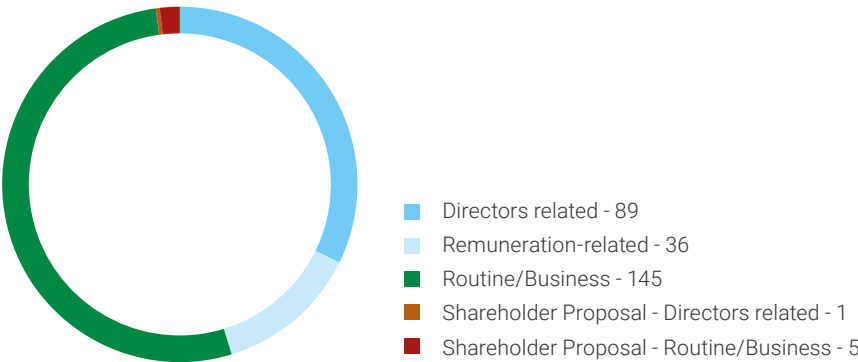
LGIM voted against at least one resolution at 74% of Japanese companies over the quarter.



Asia Pacific - Q1 2022 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	0	0	0
Capitalisation	8	0	0
Directors related	406	89	0
Remuneration related	150	36	0
Reorganisation and Mergers	23	0	0
Routine/Business	249	145	1
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors Related	7	1	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	4	5	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	847	276	1
Total resolutions	1124		
No. AGMs	147		
No. EGMs	19		
No. of companies voted	157		
No. of companies where voted against management /abstained at least one resolution	138		
% no. of companies where at least one vote against management (includes abstentions)	88%		

Votes against management



Number of companies voted for/against management



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

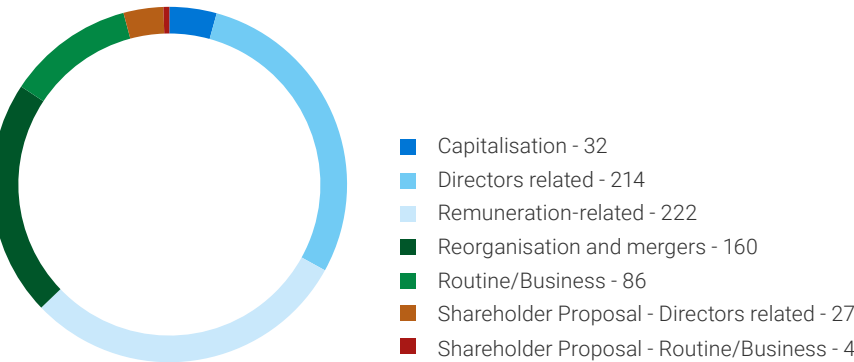
LGIM voted against at least one resolution at 88% of Asia Pacific companies over the quarter.



Emerging markets - Q1 2022 voting summary

Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	0	0	0
Capitalisation	497	32	0
Directors related	741	214	178
Remuneration related	70	222	0
Reorganisation and Mergers	397	160	0
Routine/Business	639	86	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	4	0	0
Shareholder Proposal - Directors Related	144	27	11
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	11	4	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	2503	745	189
Total resolutions	3437		
No. AGMs	106		
No. EGMs	346		
No. of companies voted	421		
No. of companies where voted against management /abstained at least one resolution	208		
% no. of companies where at least one vote against management (includes abstentions)	49%		

Votes against management



Number of companies voted for/against management



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

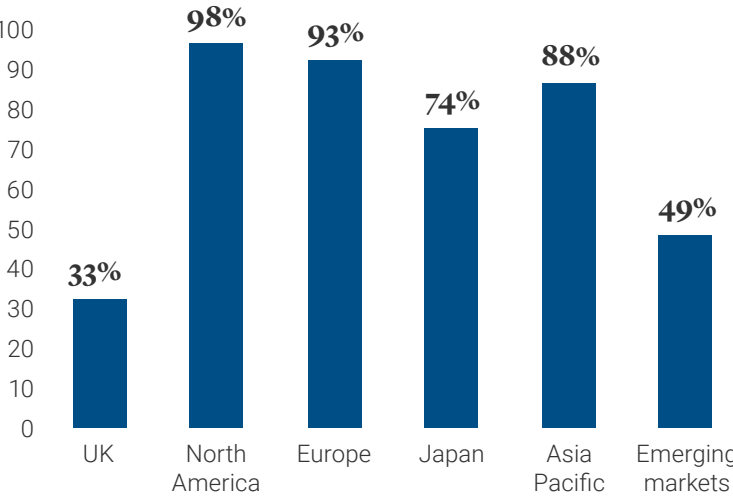
LGIM voted against at least one resolution at 49% of emerging market companies over the quarter.



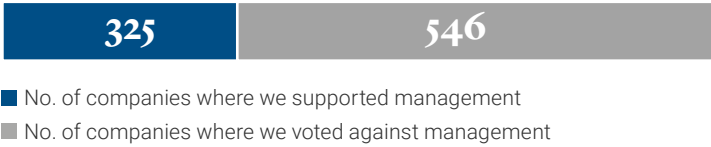
Global - Q1 2022 voting summary

Proposal category	Total for	Total against	Total abstentions	Total
Anti-takeover related	55	2	0	57
Capitalisation	905	50	0	955
Directors related	2951	643	208	3802
Remuneration related	423	408	0	831
Reorganisation and Mergers	511	176	0	687
Routine/Business	1712	294	5	2011
Shareholder Proposal - Compensation	3	1	0	4
Shareholder Proposal - Corporate Governance	10	0	1	11
Shareholder Proposal - Directors Related	157	35	13	205
Shareholder Proposal - General Economic Issues	0	0	0	0
Shareholder Proposal - Health/Environment	0	7	0	7
Shareholder Proposal - Other/Miscellaneous	4	6	0	10
Shareholder Proposal - Routine/Business	38	9	0	47
Shareholder Proposal - Social/Human Rights	0	3	0	3
Shareholder Proposal - Social	0	0	0	0
Total	6769	1634	227	8630
Total resolutions				8630
No. AGMs				507
No. EGMs				409
No. of companies voted				871
No. of companies where voted against management /abstained at least one resolution				546
% no. of companies where at least one vote against management (includes abstentions)				63%

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



Number of companies voted for/against management



Global engagement summary

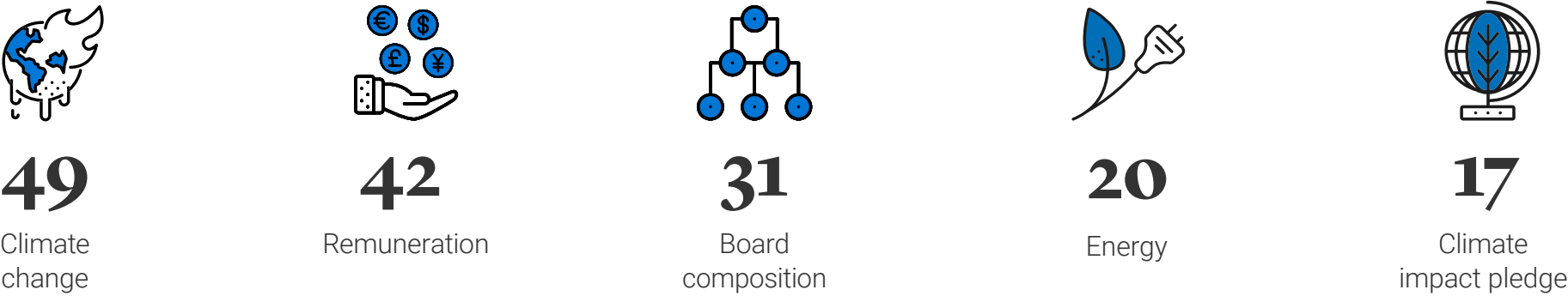


Breaking down the engagement numbers - Q1 2022

Breakdown of engagement by themes

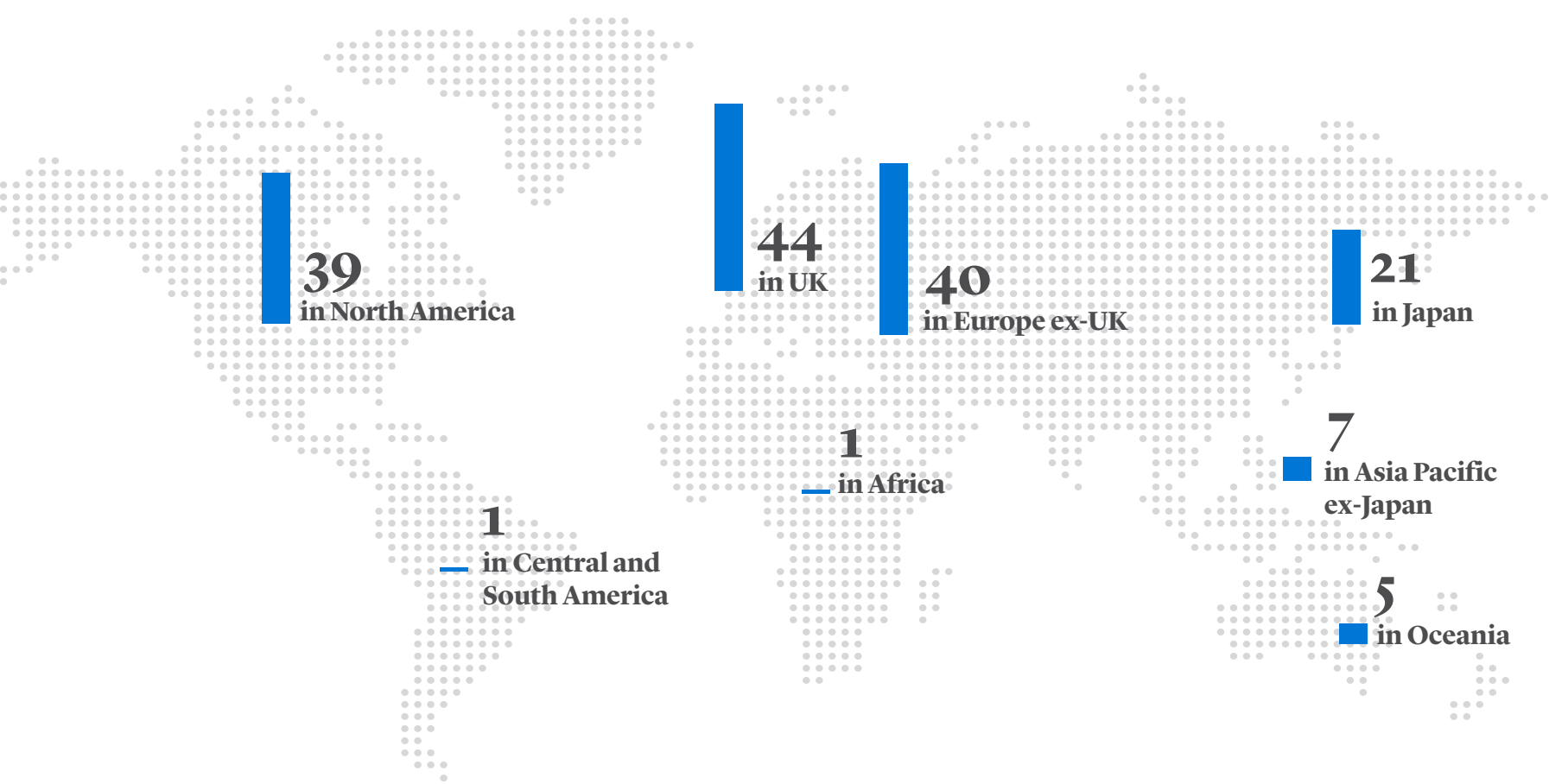


Top five engagement topics*



*Note: an engagement can cover more than a single topic

Regional breakdown of engagements



Contact us

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



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Shropshire County Council

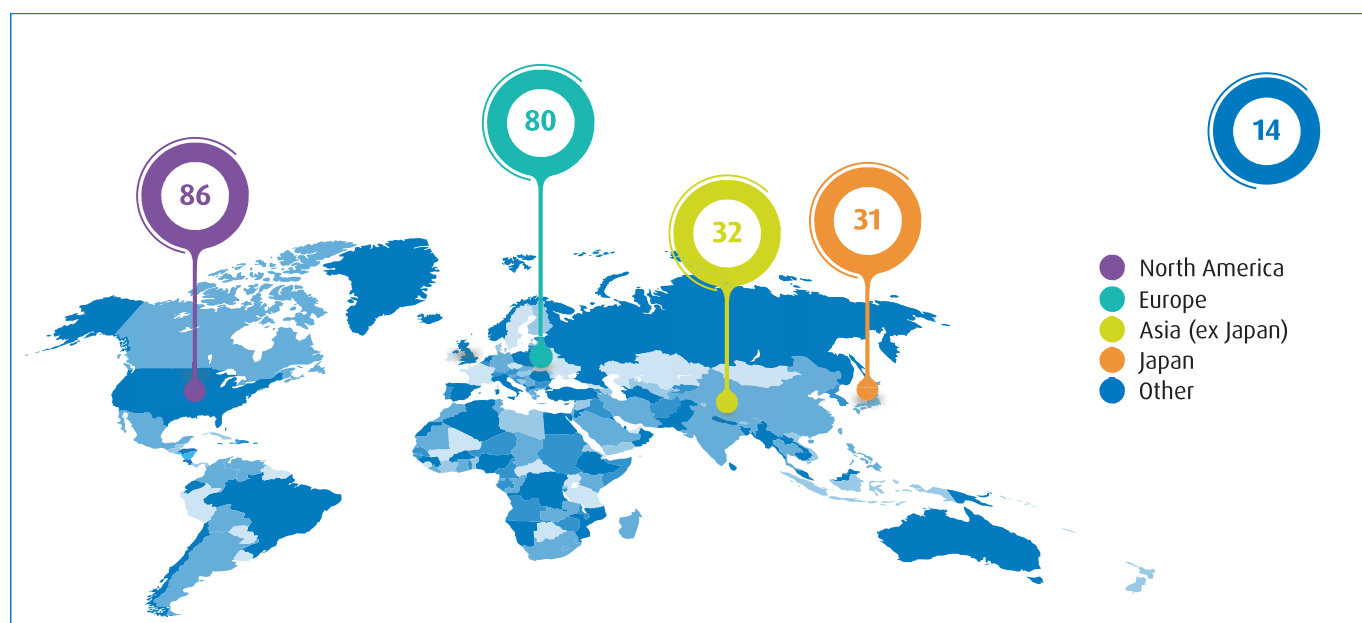
Q1 2022

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 this quarter

Engagement	Companies Engaged	Milestones achieved	Countries covered
360	243	57	32

Companies engaged by region



Engagements by theme ***



Milestones achieved by issue



* **reo**® is currently applied to €1.02tn / £866bn / US\$1.12tn* as at 31 December 2021.

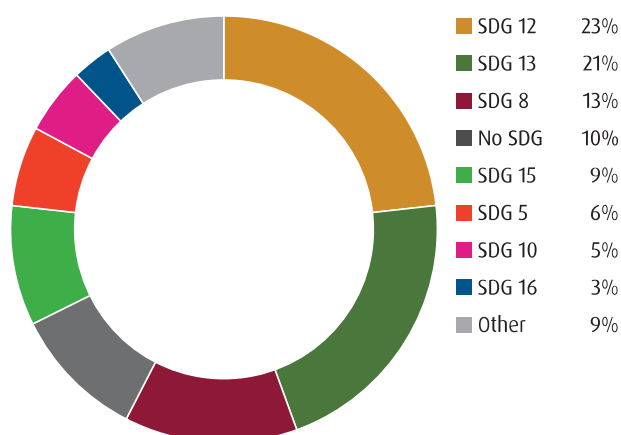
** Companies may have been engaged on more than one issue.

Engagements and Sustainable Development Goals (SDGs)

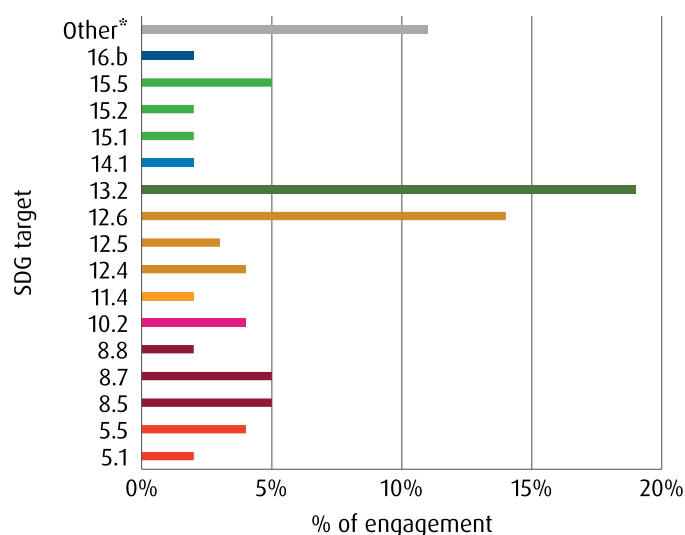
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

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

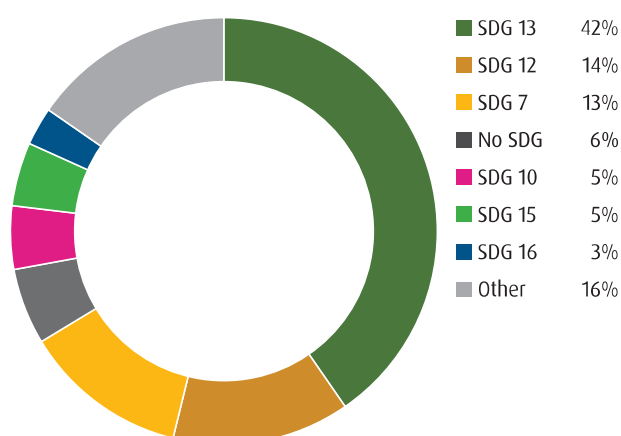
Engagement: SDG level



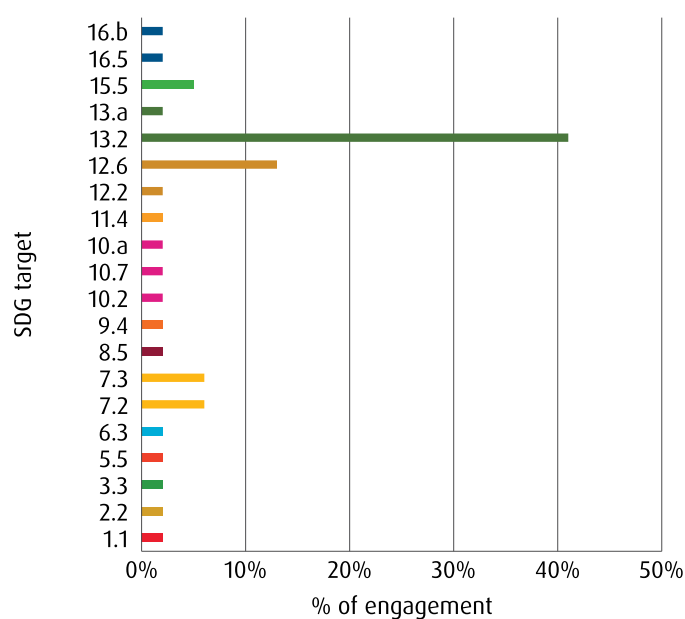
Engagement: SDG target level



Milestone: SDG level



Milestone: SDG target level



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

Priority Companies and Your Fund

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

Name	Sector	ESG Rating	Response to engagement	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
AbbVie Inc	Health Care		Good							
Adani Ports & Special Economic Zone Ltd	Industrials		Good							
Amazon.com Inc	Consumer Discretionary		Poor							
Anglo American PLC	Materials		Good							
Aptiv PLC	Consumer Discretionary									
Aroundtown SA	Real Estate		Adequate							
Bank Mandiri Persero Tbk PT	Financials		Good							
Bayer AG	Health Care		Good							
BHP Group Ltd	Materials		Good							
BP PLC	Energy		Good							
Broadcom Inc	Information Technology		Good							
Carnival Corp	Consumer Discretionary									
Charter Communications Inc	Consumer Discretionary		Good							
Chevron Corp	Energy		Adequate							
China Mengniu Dairy Co Ltd	Consumer Staples		Good							
ConocoPhillips	Energy		Adequate							
Credit Suisse Group AG	Financials		Good							
Exxon Mobil Corp	Energy		Good							
FMC Corp	Materials		Good							
GFL Environmental Inc	Industrials									
Haier Smart Home Co Ltd	Consumer Discretionary		Good							
Hannover Rueck SE	Financials		Good							
Henry Schein Inc	Health Care		Good							
Hon Hai Precision Industry Co Ltd	Information Technology		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: 

Name	Sector	ESG Rating	Response to engagement	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Keyence Corp	Information Technology		Good							
LyondellBasell Industries NV	Materials		Adequate							
Makita Corp	Industrials		Good							
Marriott International Inc/MD	Consumer Discretionary		Good							
Peloton Interactive Inc	Consumer Discretionary									
Phillips 66	Energy									
Procter & Gamble Co/The	Consumer Staples									
Reliance Industries Ltd	Energy		Good							
Rio Tinto Ltd	Materials		Good							
Sasol Ltd	Materials		Adequate							
Sealed Air Corp	Materials									
Shell PLC	Energy		Good							
Shimano Inc	Consumer Discretionary									
Singapore Airlines Ltd	Industrials									
SITC International Holdings Co Ltd	Industrials		Good							
SMC Corp	Industrials		Good							
Solvay SA	Materials		Adequate							
Southwest Airlines Co	Industrials		Adequate							
Stellantis NV	Consumer Discretionary		Good							
Swatch Group AG/The	Consumer Discretionary		Good							
Tesla Inc	Consumer Discretionary									
TJX Cos Inc/The	Consumer Discretionary									
Toyota Motor Corp	Consumer Discretionary		Good							
Wayfair Inc	Consumer Discretionary									

ESG Risk Rating:

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

Top quartile:  Second quartile:  Third quartile:  Bottom quartile: 

Engagements and Your Fund: Red rated

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

Name	Country	Sector	Priority company	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Adani Ports & Special Economic Zone Ltd	India	Industrials	✓	●	●		●			
ANTA Sports Products Ltd	China	Consumer Discretionary					●	●		
Carnival Corp	United States	Consumer Discretionary	✓	●	●			●		●
Charter Communications Inc	United States	Consumer Discretionary	✓					●		●
CVS Health Corp	United States	Health Care		●				●	●	●
GFL Environmental Inc	Canada	Industrials	✓	●						
Lasertec Corp	Japan	Information Technology								●
Meta Platforms Inc	United States	Information Technology					●			
Obic Co Ltd	Japan	Information Technology								●
Orpea SA	France	Health Care				●		●	●	●
Pegatron Corp	Taiwan	Information Technology					●	●		
Peloton Interactive Inc	United States	Consumer Discretionary	✓				●	●		
Rongsheng Petrochemical Co Ltd	China	Materials		●	●				●	
Stellantis NV	Netherlands	Consumer Discretionary	✓	●						
Suzuki Motor Corp	Japan	Consumer Discretionary					●			
Swatch Group AG/The	Switzerland	Consumer Discretionary	✓	●						
Tingyi Cayman Islands Holding Corp	China	Consumer Staples					●			
Toyota Industries Corp	Japan	Consumer Discretionary								●
Veeva Systems Inc	United States	Health Care						●		●
Volkswagen AG	Germany	Consumer Discretionary		●						●
Wanhua Chemical Group Co Ltd	China	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: ●

Engagements and Your Fund: Orange rated

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

Name	Country	Sector	Priority company	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
AbbVie Inc	United States	Health Care	✓						●	●
Alibaba Group Holding Ltd	China	Information Technology		●	●	●	●	●		●
Amazon.com Inc	United States	Consumer Discretionary	✓				●	●		
AngloGold Ashanti Ltd	South Africa	Materials					●			
Bank Mandiri Persero Tbk PT	Indonesia	Financials	✓	●	●	●	●	●		
Bath & Body Works Inc	United States	Consumer Discretionary						●		
Bayer AG	Germany	Health Care	✓	●	●					
Booking Holdings Inc	United States	Consumer Discretionary					●			
BRF SA	Brazil	Consumer Staples					●			
Broadcom Inc	United States	Information Technology	✓	●	●		●	●		
Chubu Electric Power Co Inc	Japan	Utilities								●
Costco Wholesale Corp	United States	Consumer Staples					●			
Datadog Inc	United States	Information Technology						●		●
EPAM Systems Inc	United States	Information Technology		●		●	●	●		●
Expedia Group Inc	United States	Consumer Discretionary					●			
Exxon Mobil Corp	United States	Energy	✓	●						●
Falabella SA	Chile	Consumer Discretionary					●			
FedEx Corp	United States	Industrials		●				●		
General Motors Co	United States	Consumer Discretionary		●	●			●		●
GMO Payment Gateway Inc	Japan	Information Technology								●
Haier Smart Home Co Ltd	China	Consumer Discretionary	✓		●		●			
Henry Schein Inc	United States	Health Care	✓					●		●
Hon Hai Precision Industry Co Ltd	Taiwan	Information Technology	✓		●		●	●		
Inner Mongolia Yili Industrial Group Co Ltd	China	Consumer Staples			●		●			
Keyence Corp	Japan	Information Technology	✓							●
Kose Corp	Japan	Consumer Staples								●
Makita Corp	Japan	Industrials	✓	●		●		●		●

ESG Risk Rating:

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

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Name	Country	Sector	Priority company	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Marriott International Inc/MD	United States	Consumer Discretionary	✓	●	●			●		
Mohawk Industries Inc	United States	Consumer Discretionary			●		●			●
Occidental Petroleum Corp	United States	Energy		●						
Reliance Industries Ltd	India	Energy	✓	●						●
Ross Stores Inc	United States	Consumer Discretionary			●		●	●		
Royal Caribbean Cruises Ltd	United States	Consumer Discretionary		●	●			●		●
Saudi Arabian Oil Co	Saudi Arabia	Energy		●						
Sealed Air Corp	United States	Materials	✓		●					
Shenzhou International Group Holdings Ltd	China	Consumer Discretionary			●		●	●		
Shimano Inc	Japan	Consumer Discretionary	✓							●
SITC International Holdings Co Ltd	Hong Kong	Industrials	✓	●	●			●		●
SMC Corp	Japan	Industrials	✓							●
Southwest Airlines Co	United States	Industrials	✓	●						●
Tenaga Nasional Bhd	Malaysia	Utilities		●						●
Uber Technologies Inc	United States	Industrials		●	●			●		●
Union Pacific Corp	United States	Industrials		●	●			●		●
Wayfair 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: 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
Air Products and Chemicals Inc	United States	Materials		●	●				●	
Alimentation Couche-Tard Inc	Canada	Consumer Staples					●			
Apple Inc	United States	Information Technology			●	●	●			
Aroundtown SA	Luxembourg	Real Estate	✓	●	●			●		●
BASF SE	Germany	Materials		●						
Bayerische Motoren Werke AG	Germany	Consumer Discretionary		●						●
BP PLC	United Kingdom	Energy	✓	●	●		●			
Brenntag SE	Germany	Industrials		●				●		●
Chevron Corp	United States	Energy	✓	●	●		●			
China Mengniu Dairy Co Ltd	Hong Kong	Consumer Staples	✓	●	●					
ConocoPhillips	United States	Energy	✓	●	●		●			●
Continental AG	Germany	Consumer Discretionary		●						
Covestro AG	Germany	Materials			●				●	
Devon Energy Corp	United States	Energy		●	●		●			
DSV A/S	Denmark	Industrials		●				●		●
Eastman Chemical Co	United States	Materials			●				●	
Elanco Animal Health Inc	United States	Health Care							●	
Engie SA	France	Utilities		●						
EOG Resources Inc	United States	Energy		●			●	●		
Evergreen Marine Corp Taiwan Ltd	Taiwan	Industrials		●	●	●	●	●		●
Exact Sciences Corp	United States	Health Care		●	●			●		●
Faurecia SE	France	Consumer Discretionary			●					
FMC Corp	United States	Materials	✓	●	●				●	
Infosys Ltd	India	Information Technology						●		
Jeronimo Martins SGPS SA	Portugal	Consumer Staples		●	●					
Kinder Morgan Inc	United States	Energy		●	●			●		●
LG Chem Ltd	South Korea	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	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Loblaw Cos Ltd	Canada	Consumer Staples		●	●		●	●		●
Mastercard Inc	United States	Information Technology				●		●		●
MercadoLibre Inc	Argentina	Information Technology				●		●		●
Mercedes-Benz Group AG	Germany	Consumer Discretionary		●	●			●		●
Mitsui & Co Ltd	Japan	Industrials								●
Nippon Steel Corp	Japan	Materials					●	●		
Phillips 66	United States	Energy	✓	●	●		●			
Poste Italiane SpA	Italy	Financials		●	●			●		●
Rio Tinto Ltd	Australia	Materials	✓	●		●	●	●		●
RWE AG	Germany	Utilities		●						
Saputo Inc	Canada	Consumer Staples			●					
Sasol Ltd	South Africa	Materials	✓	●	●				●	
Saudi Basic Industries Corp	Saudi Arabia	Materials		●	●				●	
Sherwin-Williams Co/The	United States	Materials		●	●				●	
Shin-Etsu Chemical Co Ltd	Japan	Materials		●	●				●	
Shoprite Holdings Ltd	South Africa	Consumer Staples					●	●		
Sime Darby Bhd	Malaysia	Industrials						●		
Singapore Airlines Ltd	Singapore	Industrials	✓	●						●
Sodexo SA	France	Consumer Discretionary			●		●	●		
Sumitomo Electric Industries Ltd	Japan	Consumer Discretionary								●
Suncor Energy Inc	Canada	Energy					●	●		
SVB Financial Group	United States	Financials		●				●		●
Tesla Inc	United States	Consumer Discretionary	✓	●			●	●		●
TJX Cos Inc/The	United States	Consumer Discretionary	✓					●		
TotalEnergies SE	France	Energy		●	●	●	●			●
Toyota Motor Corp	Japan	Consumer Discretionary	✓	●			●			
Tyson Foods Inc	United States	Consumer Staples					●			
Unicharm Corp	Japan	Consumer Staples			●			●		
United Parcel Service Inc	United States	Industrials		●						
Visa Inc	United States	Information Technology				●		●		●
Vodafone Group PLC	United Kingdom	Communication Services						●		●
Vonovia SE	Germany	Real Estate		●	●					●
Wilmar International Ltd	Singapore	Consumer Staples			●		●			
Yara International ASA	Norway	Materials		●						
Yum! Brands Inc	United States	Consumer Discretionary					●			
Yunnan Energy New Material Co Ltd	China	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: ●

Engagements and Your Fund: Green rated

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

Name	Country	Sector	Priority company	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Adobe Inc	United States	Information Technology								●
Air Liquide SA	France	Materials		●	●				●	
AMMB Holdings Bhd	Malaysia	Financials		●			●			
Anglo American PLC	United Kingdom	Materials	✓	●	●		●			●
AP Moller - Maersk A/S	Denmark	Industrials		●	●					
Aptiv PLC	Ireland	Consumer Discretionary	✓	●	●		●			●
Asian Paints Ltd	India	Materials		●	●				●	
ASML Holding NV	Netherlands	Information Technology		●	●		●	●		●
Associated British Foods PLC	United Kingdom	Consumer Staples			●					●
Bank Central Asia Tbk PT	Indonesia	Financials		●	●			●		●
Bank of America Corp	United States	Financials		●						●
Barclays PLC	United Kingdom	Financials		●						
BHP Group Ltd	Australia	Materials	✓	●			●	●		
Bunge Ltd	United States	Consumer Staples			●					
Burberry Group PLC	United Kingdom	Consumer Discretionary		●	●			●		●
Bureau Veritas SA	France	Industrials			●		●	●		
Canadian Imperial Bank of Commerce	Canada	Financials		●		●				●
Carlsberg AS	Denmark	Consumer Staples					●			
Carrier Global Corp	United States	Industrials						●		●
Clicks Group Ltd	South Africa	Consumer Staples								●
Coca-Cola Europacific Partners PLC	United Kingdom	Consumer Staples		●	●			●		●
Coca-Cola HBC AG	Switzerland	Consumer Staples					●	●		
Cognex Corp	United States	Information Technology						●		●
Compass Group PLC	United Kingdom	Consumer Discretionary			●		●	●		
Covivio	France	Real Estate		●						●
Credit Suisse Group AG	Switzerland	Financials	✓	●						
Croda International PLC	United Kingdom	Materials		●						

ESG Risk Rating:

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

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

Name	Country	Sector	Priority company	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Danske Bank A/S	Denmark	Financials		●						
DBS Group Holdings Ltd	Singapore	Financials		●						●
Dow Inc	United States	Materials		●	●				●	
DuPont de Nemours Inc	United States	Materials		●	●				●	
E.ON SE	Germany	Utilities		●						●
easyJet PLC	United Kingdom	Industrials		●						
Ecolab Inc	United States	Materials		●	●				●	
Enbridge Inc	Canada	Energy		●	●					
ENEOS Holdings Inc	Japan	Energy		●	●		●			
Evonik Industries AG	Germany	Materials			●				●	
Fast Retailing Co Ltd	Japan	Consumer Discretionary				●	●	●		●
Fidelity National Information Services Inc	United States	Information Technology				●		●		●
Fortescue Metals Group Ltd	Australia	Materials					●			
Fuji Electric Co Ltd	Japan	Industrials								●
Givaudan SA	Switzerland	Materials		●	●				●	
GlaxoSmithKline PLC	United Kingdom	Health Care							●	
Goldman Sachs Group Inc/The	United States	Financials		●	●			●		●
Halma PLC	United Kingdom	Information Technology		●	●			●		●
Hannover Rueck SE	Germany	Financials	✓	●	●					
Hermes International	France	Consumer Discretionary			●		●	●		
Industria de Diseno Textil SA	Spain	Consumer Discretionary					●	●		
Infineon Technologies AG	Germany	Information Technology					●			
Informa PLC	United Kingdom	Consumer Discretionary								●
Intel Corp	United States	Information Technology					●			
InterContinental Hotels Group PLC	United Kingdom	Consumer Discretionary						●		
International Business Machines Corp	United States	Information Technology		●		●	●	●		●
International Flavors & Fragrances Inc	United States	Materials			●			●		
Intertek Group PLC	United Kingdom	Industrials			●		●	●		
J Sainsbury PLC	United Kingdom	Consumer Staples		●	●		●	●	●	●
JFE Holdings Inc	Japan	Materials		●			●	●		●
KDDI Corp	Japan	Communication Services					●			
Kerry Group PLC	Ireland	Consumer Staples								●
Koninklijke DSM NV	Netherlands	Materials		●						
Koninklijke KPN NV	Netherlands	Telecommunication Services			●	●	●	●		●
Kuehne + Nagel International AG	Switzerland	Industrials		●	●					
LANXESS AG	Germany	Materials		●						
LEG Immobilien SE	Germany	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
Linde PLC	United Kingdom	Materials		●	●				●
Lonza Group AG	Switzerland	Health Care		●					
Lowe's Cos Inc	United States	Consumer Discretionary		●	●			●	●
LyondellBasell Industries NV	United States	Materials	✓	●	●				●
Magna International Inc	Canada	Consumer Discretionary		●	●				
Marico Ltd	India	Consumer Staples			●				
Mitsui Chemicals Inc	Japan	Materials			●				●
Mizuho Financial Group Inc	Japan	Financials		●					
Mondi PLC	United Kingdom	Materials						●	●
Motorola Solutions Inc	United States	Information Technology					●		
NAVER Corp	South Korea	Information Technology					●	●	●
NetApp Inc	United States	Information Technology						●	
Newcrest Mining Ltd	Australia	Materials					●		
Newmont Corp	United States	Materials					●		
Nokia Oyj	Finland	Information Technology			●			●	●
Nomura Holdings Inc	Japan	Financials		●	●			●	●
Novartis AG	Switzerland	Health Care		●	●			●	●
Nutrien Ltd	Canada	Materials		●	●				●
Panasonic Holdings Corp	Japan	Consumer Discretionary					●		
Pandora A/S	Denmark	Consumer Discretionary			●		●	●	
PPG Industries Inc	United States	Materials		●	●				●
Procter & Gamble Co/The	United States	Consumer Staples	✓	●	●			●	
Puma SE	Germany	Consumer Discretionary			●			●	
Regions Financial Corp	United States	Financials		●	●			●	●
Repsol SA	Spain	Energy			●	●	●		●
Sanlam Ltd	South Africa	Financials		●	●			●	●
SCSK Corp	Japan	Information Technology							●
Segro PLC	United Kingdom	Real Estate							●
SGS SA	Switzerland	Industrials			●		●	●	
Shell PLC	United Kingdom	Energy	✓	●	●		●	●	●
Siam Cement PCL/The	Thailand	Materials			●				
Sika AG	Switzerland	Materials		●					
Smurfit Kappa Group PLC	Ireland	Materials		●	●			●	●
Sohgo Security Services Co Ltd	Japan	Industrials							●
Solvay SA	Belgium	Materials	✓	●	●				●
Starbucks Corp	United States	Consumer Discretionary					●	●	
Sumitomo Chemical Co Ltd	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	Themes engaged						
				Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Swiss Re AG	Switzerland	Financials		●	●			●		●
Tesco PLC	United Kingdom	Consumer Staples						●		
TMX Group Ltd	Canada	Financials		●	●			●		●
Tokyo Electron Ltd	Japan	Information Technology								●
Tosoh Corp	Japan	Materials		●	●			●		●
UBS Group AG	Switzerland	Financials		●		●		●		●
Umicore SA	Belgium	Materials			●				●	
United Overseas Bank Ltd	Singapore	Financials		●						●
VF Corp	United States	Consumer Discretionary						●		
Wolters Kluwer NV	Netherlands	Industrials				●		●		
Wuxi Biologics Cayman Inc	China	Health Care		●	●			●		
Xylem Inc/NY	United States	Industrials						●	●	●
Zebra Technologies Corp	United States	Information Technology			●			●		
Zoetis Inc	United States	Health Care							●	

ESG Risk Rating:

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

Top quartile: ● Second quartile: ● Third quartile: ● Bottom quartile: ●

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.

						Themes engaged					
Name	Country	Sector	Priority company	ESG Rating	Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
★★★★											
Barrick Gold Corp	Canada	Materials		●	●						
BP PLC	United Kingdom	Energy	✓	●	●						
ConocoPhillips	United States	Energy	✓	●	●						
Enbridge Inc	Canada	Energy		●	●						
ENEOS Holdings Inc	Japan	Energy		●	●						
Exxon Mobil Corp	United States	Energy	✓	●	●						
Phillips 66	United States	Energy	✓	●	●						
Rio Tinto Ltd	Australia	Materials	✓	●	●						
Saudi Arabian Oil Co	Saudi Arabia	Energy		●	●						
Suncor Energy Inc	Canada	Energy		●	●						
TC Energy Corp	Canada	Energy		●	●						
Teck Resources Ltd	Canada	Materials		●	●						
★★★											
American International Group Inc	United States	Financials		●	●						
Anglo American PLC	United Kingdom	Materials	✓	●		●					
Antofagasta PLC	Chile	Materials		●		●					
AP Moller - Maersk A/S	Denmark	Industrials		●	●						
Barrick Gold Corp	Canada	Materials		●		●					
BP PLC	United Kingdom	Energy	✓	●		●					
Danske Bank A/S	Denmark	Financials		●	●						
Glencore PLC	Switzerland	Materials		●	●						
HSBC Holdings PLC	United Kingdom	Financials		●	●						
Marathon Petroleum Corp	United States	Energy		●	●						
Mercedes-Benz Group AG	Germany	Consumer Discretionary		●	●						
Natwest Group PLC	United Kingdom	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	ESG Rating	Themes engaged						
					Climate Change	Environmental Stewardship	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance
Newcrest Mining Ltd	Australia	Materials									
Ping An Insurance Group Co of China Ltd	China	Financials									
PTT PCL	Thailand	Energy									
Reliance Industries Ltd	India	Energy	✓								
Repsol SA	Spain	Energy									
Shell PLC	United Kingdom	Energy	✓								
Singapore Airlines Ltd	Singapore	Industrials	✓								
Stellantis NV	Netherlands	Consumer Discretionary	✓								
Toyota Motor Corp	Japan	Consumer Discretionary	✓								
★											
Aroundtown SA	Luxembourg	Real Estate	✓								
BP PLC	United Kingdom	Energy	✓								
Chevron Corp	United States	Energy	✓								
DBS Group Holdings Ltd	Singapore	Financials									
Grupo Mexico SAB de CV	Mexico	Materials									
Tencent Holdings Ltd	China	Information Technology									
TotalEnergies SE	France	Energy									
Toyota Motor Corp	Japan	Consumer Discretionary	✓								
Xylem Inc/NY	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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<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	10
24 June 2022	Public
10.00am	

PENSIONS ADMINISTRATION MONITORING REPORT

Responsible Officer: Debbie Sharp

Email: Debbie.sharp@shropshire.gov.uk

Tel: (01743) 252192

1. Synopsis

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

2. Executive summary

- 2.1. Detail is provided on team workloads, performance, and communication. Updates are also given on; Employer monthly data provision, State Pension Age Review, Special Severance Payments – what LGPS strain payments will fall into this category, Dashboards, Tax relief for ‘low earners’ and the reasons behind the underperformance of Prudential – the Funds AVC provider.

3. Recommendations

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

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. 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.
- 4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.
- 4.3. Environmental Appraisal

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

5. Financial Implications

- 5.1. Managing team performance and working with other administering authorities ensures costs to scheme employers for scheme administration are reduced. Complying with the national requirement to provide data to the Pension Dashboards will increase costs for the fund. These are presently unquantifiable. Compliance with the proposed Pensions Regulator's (TPR) one code will also increase Fund costs.

6. Climate change appraisal

- 6.1. Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

7. Performance and Team Update

- 7.1. The team's output and performance level to April 2022 is attached at **Appendix A**. The chart shows either single standalone tasks or processes which contain several tasks. Outstanding processes fell slightly during the last quarter as resources were redirected to process as many leavers as possible to 31 March 2022 prior to the data being sent to the Fund Actuary for the Pension Fund Valuation.
- 7.2. All Employers year-end member data was submitted to the Fund through the month 12 returns. The team have been data cleansing through April and May to check that all active records have pay and contributions posted to them for 2021/22. The Fund performs sense checks on pay given for 2021/22 to the previous year. To the end of May approximately 550 queries were sent to employers in respect of missing data and approximately 540 in respect of pay sense checking. The team are working through responses received or chasing those employers who haven't responded. The team are identifying records which have not been notified as a leaver but only hold a part year of pay and contributions, and records where it looks like there may have been a sickness absence on reduced pay and the incorrect reduced pay has been reported to us in error. To 31st May 2022 there have been just over 1,000 queries this year, this is an improvement on the previous year when nearly 2,000 requiring checking.
- 7.3. As well as data cleansing, reconciliations are undertaken at the year end. At the time of the final payments coming in, there is a balance to the ledger to ensure the money we have received has been accurately accounted for and as much as possible to the correct year. Employers must submit a reconciliation form and signed compliance statement which is also reconciled the payments and data received during the year. Not all these forms have been received ahead of the statutory deadline of 30 June 2022 with 20 still outstanding.
- 7.4. A project plan is in place with regards to the data submission to the Scheme Actuary for the 2022 Valuation. Provisional data extracts are being run to check for any data errors and warnings as well as preparing

a detailed schedule of all the employers in the Fund. Data should be submitted to the Actuary early July in line with their timetable.

- 7.5. The annual pensions increase was applied to all pensioners and deferred members on 11 April 2022. The increase this year was 3.1% which was the highest it has been for several years. Due to changes in legislation around Guaranteed Minimum Pensions (GMPs) some issues arose during this year's exercise. The team have held a lesson's learnt meeting with actions to be taken forward for immediate attention and for the PI project next year.
- 7.6. Two staff have resigned recently. One a Development Officer within the systems team the other an assistant on the Operations team. An external recruitment exercise has commenced. Funds all over the country are struggling with recruitment and retention.
- 7.7. CIPFA Benchmarking results for 2020/21 have been received by the Fund. These are now only available online. Officers will report the outcomes to the September committee meeting.

8. Help Desk Statistics

- 8.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system and therefore not reported with the wider team statistics in **Appendix A**.

	February 2022	March 2022	April 2022
Telephone calls received to helpdesk team	765	739	767
% of calls answered	93%	95%	96%
Emails received to pensions@shropshire.gov.uk	1048	958	888
% of emails responded to within 3 working days	100%	100%	100%
My Pension Online activation keys issued	71	62	64
Member updates made through My Pension Online	367	246	297
Opt out requests directly dealt with by helpdesk	33	30	38
Incoming post received and indexed to the pensions administration system	4519	4521	3631
1-2-1 video appointment's held with scheme members	53	30	43
Users visiting the website	2,658	2,833	2,645

9. Communications and Governance

- 9.1. 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. In April 2022 a total of 47% active members, 40% of deferred members and 42% of pensioner members were registered to view their records on 'My Pension Online'.
- 9.2. Work is currently underway to prepare the fund's 2021/22 Annual Report. In line with the timetable a draft of the report will be available for external audit taking place in July 2022.
- 9.3. The annual employers meeting is due to take place on 23 November 2022. It will include an update from the fund actuary on the 2022 Actuarial Valuation.
- 9.4. In April 2022, the team successfully issued payroll documents electronically via 'My Pension Online' rather than sending paper copies. All fund members with a registered email address received notification to login to view their P60 and monthly payslip. Members who had previously expressed a preference to continue to receive a paper copy of the P60 were sent a paper copy. The bi-annual newsletter InTouch was also issued to member's either via email or in paper form.
- 9.5. Preparations are in place for the 2022 annual benefit statements for deferred and active members to be issued by the statutory deadline of 31 August. Member newsletters to accompany the annual benefit statements are being prepared on a collaborative basis with other LGPS funds. Officers from Shropshire take the lead on this collaboration. All newsletters are reviewed by Plain English and awarded a Crystal Mark showing it has met their required standard.
- 9.6. Officers attended a virtual training session in May 2022 on how to make PDF documents published to the fund's website accessible. This included (but not limited to) improving published documents so they can be viewed by people with low or no vision, people with dyslexia, colour blindness or motor disabilities. This follows the publication of the Public Sector Bodies Accessibility Regulations and is the 2nd training session organised by the team within 12 months. This training continued on from the first session in April 2021 and covered checking the accessibility of documents using specific software.
- 9.7. A group presentation and individual scheme member 121's have recently been requested by one of the fund's employers. This is the first face-to-face request received by the team from a scheme employer since restrictions were brought in by the Covid-19 pandemic since March 2020, all member prebooked 121's have been held virtually. Due to the restrictions in access to the Shirehall, because of the on-going building works, it is not possible to offer any 121's in this building at present.

- 9.8. An employer update is sent monthly via email bulletin to all registered contacts at participating employers within the fund. The most recent topics covered in March, April and May 2022 were:

March 2022:

- Year-end requirements
- Update on the Actuarial Valuation
- 2022/2023 Employee Contributions table
- Dealing with the back-dated pay award
- Circulating LGA Employer Role Training dates

April 2022:

- New national LGPS website for scheme members
- The fund's approach to dealing with delayed admission agreements
- Dealing with post number changes
- Circulating the new fund branding

May 2022

- Update on latest news on McCloud

10. Employer performance

- 10.1. 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.

	Feb 2022	March 2022	April 2022
i-Connect data	97%	99%	95%
Monthly contributions	98%	97%	95%
Monthly deficit	98%	98%	90%

11. State Pension Age Review

- 11.1. The State Pension Age (SPA) for new pensioners is currently 66 years for both men and women born between October 1954 and April 1960, incrementally increasing to 68 years for people born after 5 April 1978.

- 11.2. The Pensions Act 2014 requires the SPA to be reviewed every six years. This allows the Government to consider any change required to the SPA to achieve fairness between generations and to allow individuals to plan for their financial future. The review concerns the pace of the increase to 68 years, rather than any further increases to the SPA itself. Currently SPA will become 68 years on 6 April 2046. However, the first review of SPA in 2017 concluded that the Government under the current review should decide whether to bring that implementation date forward to 6 April 2039. In the years since the first review carried out in 2017, the growth in life expectancies has slowed down. The ONS analysis provided in the call for evidence showed that life expectancy is still trending upwards, but less quickly than before. This suggests that less optimism about how long people will live in the future.
- 11.3. Baroness Neville-Rolfe called for evidence for her independent report which will provide recommendations to the Government about how to implement any changes to SPA. The Government must publish its review by 7 May 2023 so it will be some time before any legislative changes. LGPS benefits are payable from SPA since the introduction of the 2014 Scheme.

12. Special Severance Payments – Fund Employers

- 12.1. On 12 May the Department for Levelling Up, Housing and Communities (DLUHC) published statutory guidance on making and disclosing Special Severance Payments, which are additional payments, over and above statutory and contractual requirements, that may be made when someone leaves employment. The guidance applies only to Best Value Authorities in England and confirms the Government's position that Special Severance Payments are not good value for the taxpayer and should only be made in exceptional circumstances.
- 12.2. Following responses to the consultation on this topic in July 2021, the new guidance makes clear that a LGPS pension strain paid by an employer when an LGPS member is made redundant is not a Special Severance Payment.
- 12.3. The guidance confirms that:
- strain cost related to the early payment of LGPS benefits under regulation 30(6) or (7) (flexible retirement, redundancy or efficiency retirement over age 55) does not constitute a special severance payment
 - strain cost of awarding additional pension under regulation 31 of the LGPS Regulations 2013 may constitute a special severance payment, depending on the terms of the individual's contract
 - strain cost related to waiving an actuarial reduction when a member retires under regulation 30(5) may constitute a special severance payment, depending on the terms of the individual's contract

13. Dashboards

- 13.1. As updated previously the recent Government consultation on pensions dashboards proposes that the LGPS connects to the dashboards by 30 April 2024. Given other priorities, like McCloud, as well as the technical changes required to get systems ready, it will be challenging for administering authorities to be 'dashboards ready' within that timeframe, this was fed back in the Fund response. There are steps needed though to be prepared, even if the timeframe is extended.
- 13.2. Multiple dashboard providers are expected in the marketplace. Individuals will navigate to a dashboard of their choice and submit a request to view their pensions information. The dashboards will then issue electronic requests to all pension schemes to search for the individual's pension. Where a match is found, the scheme returns the location to the dashboard, allowing the individual to view their pension details online. Where partial matches are made, schemes will have a short timeframe to investigate and confirm whether it is an exact match, and then provide details as required.
- 13.3. The Fund will have to meet registration requirements with the Money and Pensions Service (MAPS). This means ensuring connection to the dashboard's ecosystem (expected to be all year round), the provision of scheme specific and individual pensions information as part of "find requests" and maintaining records on a range of management information for at least six years. All of this must be provided to MAPS, the Pensions Regulator and the FCA on request.
- 13.4. The Fund will need to be appropriately resourced to deal with pensions dashboard traffic. While not official research, PLSA enquiries indicate experience from similar dashboards across Europe suggest member engagement could be in the region of 25% to 33% of scheme members across all schemes. If replicated across the UK this would equate to every scheme receiving between 16,000 and 35,000 "find requests" a day. While not every request will impact the Fund, this highlights the increased engagement the Fund might expect to deal with.

14. Tax relief for "low earners" in net pay arrangements

- 14.1. The Government's November 2021 Budget set out plans to address the anomaly that sees pension scheme members who earn less than the income tax threshold being treated differently depending on the type of scheme they are in. Members who pay contributions to schemes that operate 'relief at source' (RAS), will receive a 20% top up to their retirement savings through the tax system, even if they don't pay income tax. Members who pay contributions to schemes that use a 'net pay arrangement' (NPA), such as the LGPS, pay their contributions on pay before tax; effectively receiving immediate tax relief at their marginal rate. If a member does not pay income tax then they receive no tax advantages.
- 14.2. To address this disparity, HMRC will identify affected NPA scheme members and invite them to claim top-ups equivalent to the missing 20%

tax relief, to be paid into their bank accounts. The intention was for the first such payments to be made in the 2025/26 tax year relating to contributions paid in the 2024/25 tax year. Citing the complexity of the IT arrangements and “other ongoing HMRC delivery programmes” the plan is now for payments relating to the 2024/25 tax year to be paid in the 2026/27 tax year. While these changes won’t impact the Fund directly, the changes will need to be communicated to members to make them aware of their right to claim.

15. Prudential performance update – Additional Voluntary Contributions

- 15.1. Representatives from Prudential attended the SAB meeting in December 2021 to discuss the performance issues experienced by administering authorities since November 2020. At that meeting, Prudential agreed to produce a communication to explain:
- the issues that have arisen
 - the steps that have and are being taken to resolve the situation, and
 - the expected timescales for normal service to be resumed.
- 15.2. Prudential have now written to Jo Donnelly, Head of Pensions at the LGA, to provide this update. Robert Holloway shared the letter with pension managers by email on 13 May 2022 **Appendix B**.

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

Pensions Committee Meeting 18 March 2022 Pensions Administration Report

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

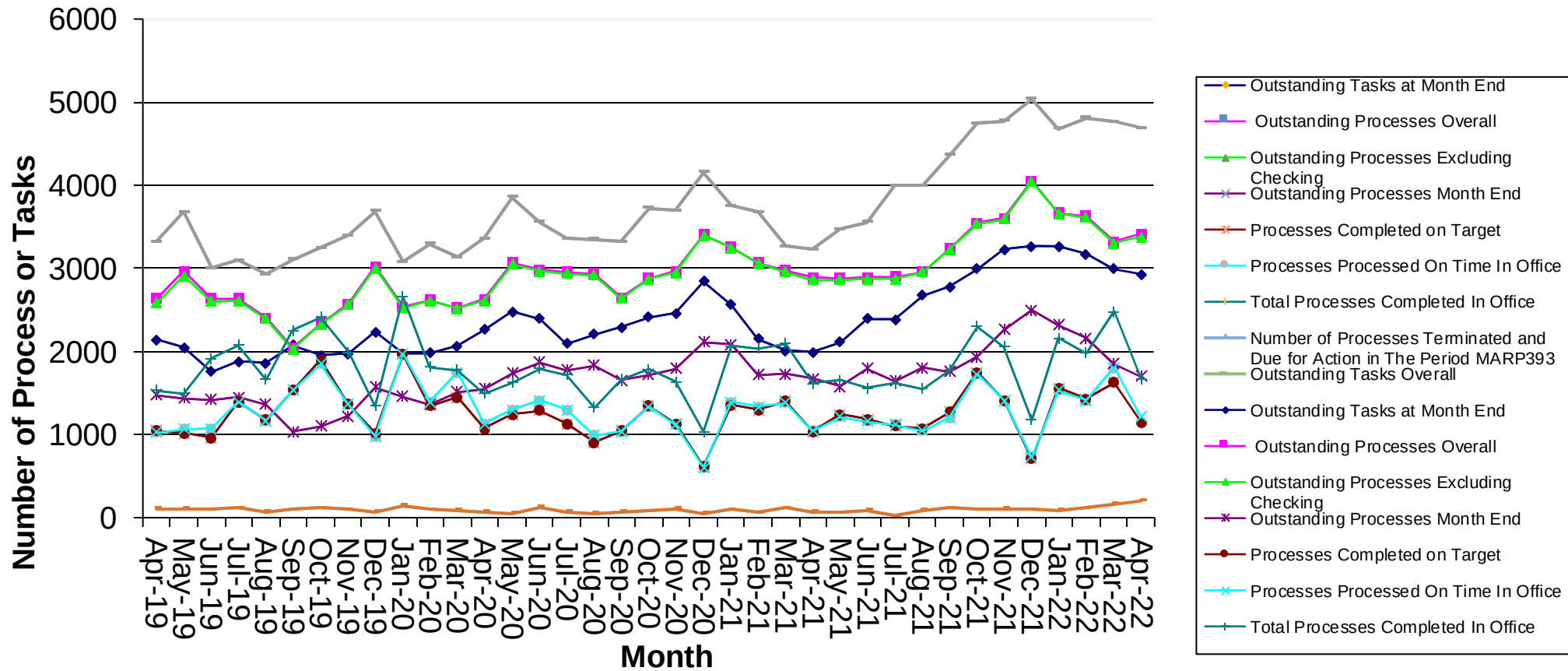
Appendices

Appendix A – Performance Chart

Appendix B – Prudential update letter

Process and Task Statistics

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Jo Donnelly
Head of Pensions
Local Government Association
18 Smith Square
Westminster
London
SW1P 3HZ

29th April 2022

Dear Jo

M&G plc administration delays for Local Government AVCs

Further to our meetings and discussions in relation to administration performance for Local Government AVC schemes, I have provided some explanations below on this specific areas we have discussed.

Acknowledgement of delays

In reference to our recent conversations and feedback received from you, M&G acknowledge that the service provided to Local Government AVC pension schemes and members has not been meeting expectations and requirements. M&G apologises that the service has not been what members would expect and is committed to the improvement of service to Administering Authorities, employers and scheme members.

Description of problems

In late 2020 M&G migrated to an established administration platform. The platform is designed to offer M&G corporate pension customers and members greater digital capability and online access to their policies.

The approach to processing of contributions paid by employers was enhanced to introduce more controls. Historically, M&G have provided manual assistance to ensure contribution listings and payments were processed quickly (for instance where the payment and contribution listing amounts did not agree).

The enhanced system controls require the contribution listings and payments to agree. As this was not always the case, there were delays in the processing of contributions while discrepancies were addressed.

Contributions are a key dependency for all other administration processes. As a result of the processing delays, there was a collateral effect on the rest of the service that was initially experienced through increased call waiting times and delays in the processing of quotes and claims.

At the same time, as a result of the pandemic, there were restrictions in place that required colleagues to work from home. This had the effect of reducing operational efficiency which would not have been the case if colleagues had been co-located.

Actions taken to improve service

As the administration delays and extended call waiting times became apparent, M&G have been operating a Service Recovery Operation. This has facilitated:

- Recruitment of additional staff into the administration and voice functions
- Dedicated staff working with employer payroll teams to resolve file disparities
- Provision of an escalation route for urgent claims and complaints
- A fast-track complaint resolution process
- Upskilling completed in Annuities and Pensions servicing
- Embedding of improved training processes
- Enhanced contingency plans being put in place from both a people and system perspective

Where there have been delays in the processing of benefits and contributions, M&G have ensured that no member has suffered financial detriment as a result of a delay caused by M&G. M&G assess each case on its own merit paying the member compensation, where appropriate.

Expected timescales for resumption of normal service

Call waiting times

- Staffing in our Voice teams was increased by c.50% since the deterioration in performance and the impacts of both Covid and system migration. Continued recruitment and upskilling continues on a monthly basis to deliver both further and future improvements in performance
- Telephone call abandonment rates and call wait times improved significantly through the second half of 2021 and early 2022. Unfortunately, more recently, the abandonment rate and call waiting times have increased. A recovery plan has been put in place to improve performance.

M&G aim to have abandon rate of less than 5% with a call wait time of less than 2 minutes.

Customer Journeys (including Bereavements, Claims, New Business, Servicing)

M&G is now processing the large majority of core transactions (e.g. retirement claims, transfers, bereavements, contribution changes, fund switches and new member applications) within normal service levels.

Performance is measured on an end to end journey basis. This means that all activities are joined together and the customer journey time is calculated from the first point of contact to the point of closure where no other activity is required to deliver the customer outcome.

The target is for more than 95% of work to be completed within a set number of days depending on the specific work required. For example we aim to have all claims and bereavements processed within 5 working days of receiving all of the relevant documentation.

For the quarter to December 2021, for Local Government AVCs in England and Wales, 90.2% of work was completed within this target. M&G continue to focus on improving performance to this target.

Annual Benefit Statements and Scheme Revisions

As a consequence of the servicing delays outlined above, the production of the 2020 / 2021 annual scheme revision information and Annual Benefit Statements has been delayed. The majority of schemes received their annual benefit statements within the regulatory deadline. M&G is in contact with any schemes where information is yet to be issued. Detailed planning for the distribution of 2021/22 year scheme revision information and Annual Benefit Statements is underway and expected turnaround times will be confirmed to individual Administering Authorities.

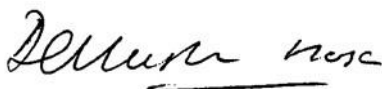
Scheme members can check the value of their AVC account through the online service. Members can login or register for the service at www.pru.co.uk/login

Existing AVC members can access additional support for any general enquiries through the AVC support team which is available Monday – Friday 8.30 - 6pm on 0800 6000 343. Secure messages can also be sent once you have registered for M&G online service.

The Pensions Regulator

M&G have continued to inform The Pensions Regulator about service performance and delays.

Yours sincerely



Alastair Hogg
Head of Corporate Pensions

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