

Public Document Pack



NOTICE OF MEETING

Meeting	Hampshire Pension Fund Responsible Investment Sub-Committee
Date and Time	Tuesday, 20th October, 2020 at 10.00 am
Place	Virtual Teams Meeting - Microsoft Teams
Enquiries to	members.services@hants.gov.uk

John Coughlan CBE
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting is being held remotely and will be recorded and broadcast live via the County Council's website.

AGENDA

1. APOLOGIES

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Personal Interest in a matter being considered at the meeting should consider, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

3. ELECTION OF CHAIRMAN

To appoint a Chairman to sit until the next Annual Meeting of the Sub-Committee in 2021.

4. ELECTION OF VICE-CHAIRMAN

To appoint a Vice-Chairman to sit until the Annual Meeting of the Sub-Committee in 2021.

5. MINUTES (Pages 5 - 8)

To confirm the minutes of the last meeting on 6 March 2020.

6. DEPUTATIONS

To receive any deputations under Standing Order 12.

7. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

8. SCHEME MEMBER COMMUNICATION (Pages 9 - 14)

To update the sub-committee on communication to and from scheme members since the last meeting on 6 March 2020.

9. SHAREHOLDER VOTING HIGHLIGHT REPORT (Pages 15 - 30)

To provide information on how the Pension Fund's investment managers have voted on behalf of the Fund for the equities that they are invested in during the period January 2020 to June 2020.

10. EXCLUSION OF PRESS AND PUBLIC

That in relation to the following items the press and public be excluded from the meeting, as it is likely, in view of the nature of the business to be transacted or the nature of proceedings, that if a member of the public were present during the items there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, and further that in all circumstances of the case, the public interest in maintaining the exempt information outweighs the public interest in disclosing the information, for the reasons set out in the report.

11. CONFIRMATION OF THE EXEMPT MINUTES OF THE PREVIOUS MEETING (Pages 31 - 32)

To confirm the exempt minutes of the meeting held on 6 March 2020.

12. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ASSESSMENT (Pages 33 - 38)

To consider a report from consultants MJ Hudson Spring assessing how Environmental, Social and Governance (ESG) issues are being managed in the Pension Fund's investments – both by the investment managers employed by the fund and the companies and funds it invests in.

13. BAILLIE GIFFORD GLOBAL ALPHA PORTFOLIO (Pages 39 - 44)

To consider a report proposing a change to the Pension Fund's investment in Baillie Gifford's Global Alpha global equities portfolio which would reduce the carbon footprint of the investments in the portfolio.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to observe the public sessions of the meeting via the webcast.

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AT A MEETING of the PENSION FUND RESPONSIBLE INVESTMENT SUB-COMMITTEE of the County Council held at The Castle, Winchester on Friday 6 March 2020.

Chairman:

* Councillor M. Kemp-Gee

Vice-Chairman:

*Councillor P. Latham

Elected members of the Administering Authority (Councillors):

* B. Tennent

*J. Glen

Employer Representatives (Co-opted members):

* Councillor S. Barnes-Andrews (Southampton City Council)

Scheme Member Representatives (Co-opted members):

* Dr C. Allen (pensioners' representative)

Cllr A Dowden attended as an observer

*present

BROADCASTING ANNOUNCEMENT

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

15. **APOLOGIES FOR ABSENCE**

The Director of Corporate Resources, Carolyn Williamson, sent her apologies.

16. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising

any right to speak in accordance with the Code.

17. **CONFIRMATION OF MINUTES**

The minutes of the RI Sub-Committee held on 3 September 2019 were confirmed.

18. **DEPUTATIONS**

No deputations were received.

19. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reminded members that the Panel and Board had agreed to review the appointments to the sub-committee after its first year of operation.

20. **RESPONSIBLE INVESTMENT POLICY REVIEW**

The RI Sub-Committee considered the report from the Director of Corporate Resources (Item 6 in the Minute Book) proposing changes to the Pension Fund's RI policy. The changes had been made following a review of the policy by specialist RI consultants from MJ Hudson Spring, who had also delivered training to the Pension Fund Panel and Board in January 2020.

MJ Hudson Spring had also suggested a 'roadmap' of activity for the Pension Fund to further improve and develop the Fund's approach to RI, starting with greater transparency of the Fund's investment managers' RI capabilities and the ESG risks in the Fund's holdings, which can be incorporated into future RI reporting. It was recommended that MJ Hudson Spring are commissioned to conduct a baseline RI assessment of the Fund's investment managers and a small sample of the Fund's alternative investments for an approximate cost of £20,000.

RESOLVED:

- a) That the updates to the RI policy based on feedback from MJ Hudson Spring are approved and recommended to the Pension Fund Panel and Board.
- b) That the sub-committee note the suggested RI roadmap for Hampshire from MJ Hudson Spring and approve and recommend to the Pension Fund Panel and Board the proposal for the baseline RI assessment of the Fund's investment managers.

21. **SHAREHOLDER VOTING HIGHLIGHT REPORT**

The RI Sub-Committee received and noted the report from the Director of Corporate Resources (Item 7 in the Minute Book) providing a summary of how the Pension Fund's investment managers have voted on behalf of the Fund for the equities that they are invested in. The analysis showed that the majority of votes cast against companies' management were for the following reasons:

- nominees for company directors being not sufficiently independent,
- remuneration policies where the level of pay was felt to be excessive, and
- the appointment of auditors where the incumbent audit firm has been in place too long or the disclosure of non-audit fees to the company was not clear.

22. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED:

That the public be excluded from the meeting during the following items of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraphs 3 and 4 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

23. **MINUTES OF PREVIOUS MEETINGS (EXEMPT)**

The exempt minutes of the RI Sub-Committee held on 3 September 2019 were confirmed.

24. **RESPONSIBLE INVESTMENT ANNUAL REPORT**

The Panel and Board considered the exempt appendix from the Director of Corporate Resources (Item 10 in the Minute Book) reporting on the Pension Fund's RI activities. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Responsible Investment Sub-Committee
Date:	20 October 2020
Title:	Scheme Member Communication
Report From:	<i>Deputy Chief Executive and Director of Corporate Resources</i>

Contact name: Andrew Bouflower

Tel: 0370 779 6896

Email: andrew.bouflower@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to update the sub-committee on communication to and from scheme members since their last meeting.

Recommendation

2. That the communication to and from scheme members on RI issues is noted.

Executive Summary

3. The sub-committee's terms of reference include the action to engage directly and indirectly with scheme members and employers to hear representations concerning Environmental, Social or Governance issues as appropriate. Since the sub-committee's last meeting the Pension Fund has published its first annual report on RI requesting comments from scheme members, has received one deputation to the Pension Fund Panel and Board and received a number of ad-hoc pieces of correspondence.
4. Although the Pension Fund continues to receive correspondence expressing strong views, particularly on investments that relate to climate change, the correspondence to date has been received from a very small minority of the nearly 179,000 scheme members.

RI Annual Report Responses

5. The Pension Fund's first RI annual report was printed and sent to all the Fund's 43,000 pensioners with their annual pension payslip in April 2020. It was also included in the Fund's full Annual Report, which is published on the

Pension Fund’s website. The RI annual report invited scheme members to share their thoughts on RI. The Pension Fund received seven responses from pensioners to the RI annual report expressing a range of views as shown in the table below.

Table 1 – RI annual report responses

Policy goes too far – should focus primarily on financial returns	Support the current policy	Policy doesn’t go far enough on investing in arms and low-carbon	Other – style of the report
2	3	1	1

Scheme employers

6. In July 2020 the Pension Fund received views from a small number of employers in the Fund on the subject of investing in companies involved with fossil fuels. Of these, two of the employers wanted the Pension Fund Panel and Board to change its current policy and disinvest from companies involved with fossil fuels, and one did not.

Deputations

7. In the last 6 months two deputations have been received on RI, specifically on investments that relate to climate change. The Chief Executive received a written deputation in response to an Officer Decision that was taken in March 2020 when the Pension Fund Panel and Board was unable to meet as a result of the Coronavirus pandemic. A deputation was also made to the Pension Fund Panel and Board meeting on 24 July 2020. Both deputations were on behalf of a group of scheme members of the Fund that were in favour of changing the Pension Fund’s RI policy; to disinvest from companies with involvement with fossil fuels to mitigate the effects of climate change, and to undertake further work to seek the views of Pension Fund scheme members on this issue. Since the deputation five members of the group wrote to confirm their support for the views expressed. The Chief Executive and Chairman of the Pension Fund Panel and Board both responded to the individual deputations received to outline the Pension Fund’s current position.

Other correspondence

8. The Pension Fund received 5 responses from an online form completed by scheme members asking the Pension Fund to support making climate change its top priority for RI, find out whether a significant majority of scheme members would support excluding investment in fossil fuels, and invest in renewable energy.

9. There have also been two other pieces of correspondence from scheme members again in relation to climate change, supporting the Pension Fund making further reductions in the carbon footprint of its investments and divesting from businesses that burn fossil fuels. In addition an email was received by the Pension Fund that called for the Fund not to invest in companies who had business with the Israeli government.

REQUIRED CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	no
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because of the ongoing management of the Hampshire Pension Fund.	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

EQUALITIES IMPACT ASSESSMENTS:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report as the proposals do not directly affect scheme members.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Responsible Investment Sub-Committee
Date:	20 October 2020
Title:	Shareholder voting highlight report
Report From:	<i>Deputy Chief Executive and Director of Corporate Resources</i>

Contact name: Gemma Farley

Tel: 0370 779 4704

Email: Gemma.farley@hants.gov.uk

Purpose of this Report

1. This report provides information on how the Pension Fund's investment managers have voted on behalf of the Fund for the equities that they are invested in during the period January – June 2020.

Recommendations

2. That the Pension Fund Responsible Investment Sub-Committee notes how the Pension Fund's investment managers have voted the shares in the Fund's portfolios as highlighted in this report.

Executive Summary

3. The Pension Fund is a signatory to the UN Principles for Responsible Investment and the UK Stewardship Code and as such recognises its role of promoting best practice in stewardship, which is considered to be consistent with seeking long term investment returns. As a Pension Fund whose investments are externally managed, much of the day-to-day responsibility for implementing stewardship on behalf of the Fund is delegated to the Fund's investment managers, including casting shareholder votes for its equity investments.
4. As investors in common stock (equities), the Pension Fund will have certain rights to vote on how the company it invests in is run. These include being able to vote in elections to the board of directors and on proposed operational alterations, such as shifts of corporate aims, as well as the right to vote on other matters such as remuneration policies and the appointment of auditors. In addition to these items, for which recommendations will be

made by company management for shareholders to either agree or oppose, individual shareholders can propose their own subjects for the shareholders to vote on, but they are non-binding on the company's management in most instances.

5. Shareholder votes are an important tool for company engagement alongside more direct communication (such as meetings) with company management. Voting provides an ultimate sanction for shareholders to show their disapproval with how a company is operating.
6. How votes are cast by the Pension Fund will be determined by the voting policy, which for Hampshire varies depending on how the equity investment is held:
 - Directly held equities (Acadian and Baillie Gifford's Global Alpha portfolio) will be voted in accordance with Hampshire's voting policy, which is part of its Responsible Investment policy.
 - Equities directly held in the ACCESS pool (Schroders Prime and Baillie Gifford's Long-term Global Growth portfolio) will be voted in accordance with ACCESS's voting guidelines, which were agreed by the Joint Committee.
 - Equities in pooled funds of external investment managers (such as UBS or Dodge & Cox) will be voted in accordance with the investment manager's voting policy, which applies to all holdings within the fund. Dodge & Cox report on their voting activity annually, unlike the quarterly reports of the other investment managers. As this information is reported on annually, Appendix 1 contains highlights from July 2019 to June 2020 for Dodge & Cox. In addition Dodge & Cox are not able to provide further information to support their voting decisions due to being managers of a pooled fund, and that information having to be made available to all investors and the regulator.
7. Dodge & Cox have agreed with the investors in the ACCESS pool to move to a segregated portfolio and are currently implementing the necessary changes with the pool Operator, Link. This will enable Dodge & Cox to improve the frequency of reporting and level of information provided on shareholding voting, in line with the other investment managers in the ACCESS pool.
8. As a result of the Pension Fund's policy there is a risk that its investment managers could cast their votes differently for the same shareholder resolution, and an example of this is described in paragraph 14 onwards. However, the Fund believes its current policy remains the best approach as it enables the Fund's investment managers to cast votes in line with the portfolio investment strategy that led to holding the stock.

9. The Pension Fund publishes its investment manager's voting reports online: <https://www.hants.gov.uk/hampshire-services/pensions/local-government/about-the-scheme/joint-pension-fund-panel/responsible-investment>

Voting highlights

10. In order for the Responsible Investment (RI) Sub-Committee to scrutinise the voting activity for the Pension Fund's investments a summary of voting highlights for the period January – June 2020 is contained in Appendix 1. The highlight report does not attempt to quantify the number of votes cast by the Fund's investment managers (which is significant) but focuses on providing examples of the types of issues where investment managers have voted against company management, resolutions of fellow shareholders, or on sensitive or topical issues.
11. The majority of votes cast against company management by the Fund's investment managers cover the following reasons:
- Nominees for company directors who are not sufficiently independent, have too many other outside interests, or who have a history of managing the company and ignoring shareholders' concerns.
 - Remuneration policies where the level of pay is felt to be excessive and/or short-term incentives are more valuable than long-term incentives and do not provide adequate alignment with shareholders' long-term interests.
 - To improve the empowerment of investors by reducing threshold percentages required to allow the calling of special meetings and improving the existing proxy access right.
 - The appointment of auditors where the incumbent audit firm has been in place too long or the disclosure of non-audit fees to the company were not clear.
12. In all these instances voting against the company management is in line with Hampshire's or ACCESS's policy. Both policies do, however, allow for the investment manager to exercise their judgement and to not follow the policy if they can provide a suitable rationale for doing so. The highlight report shows the sorts of instances where Baillie Gifford have exercised this discretion and chosen to support the company management on some of these issues, where they believe that there are compensating governance controls in place.
13. Although not able to report on the details of their voting decisions, Dodge & Cox have commented that their proxy voting policy has been formulated, in Dodge and Cox's opinion, to vote in the best interest of its clients. Dodge & Cox normally votes in support of company management, but votes against

proposals that Dodge & Cox believes would negatively impact the long-term value of its clients' shares of a company. In general Dodge & Cox has confidence in the abilities and motives of the Board and management of the companies in which it invests and typically will vote in accordance with them. Dodge & Cox will review shareholder proposals regarding social and environmental issues on a case-by-case basis and will consider supporting proposals that address material issues that it believes will protect and/or enhance the long-term value of the company. Dodge & Cox's full proxy voting policy is available here:

<https://vds.issgovernance.com/repo/103356/policies/DandCpvpUCITS.pdf>

14. The review of voting records has highlighted instances where the Pension Fund's investment managers have voted differently on the same point; in particular at the Annual Meeting of Comcast Corporation where Acadian, Dodge & Cox and UBS voted differently on a number of proposals, which included both management and shareholder proposals, and is detailed in Table 1.

Table 1: Votes instructed by Investment Managers at Comcast Corporation meeting

Proposal number	Proposal	Proponent	Acadian	Dodge & Cox	UBS
1.1	Elect Director Kenneth J. Bacon.	Mgmt	For	For	Withhold
1.2	Elect Director Madeline S. Bell.	Mgmt	For	For	Withhold
1.4	Elect Director Edward D. Breen	Mgmt	Withhold	For	Withhold
1.5	Elect Director Gerald L Hassell	Mgmt	Withhold	For	For
1.6	Elect Director Jeffrey A. Honickman.	Mgmt	For	For	Withhold
1.9	Elect Director David C. Novak	Mgmt	Withhold	For	For
5	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	Against	For	Against
6	Report on Lobbying Payments and Policy	SH	For	Against	For
7	Require Independent Board Chair	SH	For	Against	For
8	Report on Risks Posed by Failing to Prevent Sexual Harassment.	SH	Against	Against	For

15. Proposal 6 in the table highlights a shareholder (SH) resolution to report on lobbying payments and policy. Acadian and UBS voted for this proposal,

with Acadian stating that the additional reporting would benefit shareholders in assessing its management of related risks, and UBS explained that in general they support shareholder proposals seeking greater transparency on company lobbying except where covered by existing legislation and where the company meets such regulation, unless there is a direct reputational risk.

16. Acadian voted for Proposal 7 for the requirement for an independent board chair as the lead director is not appointed solely by the independent directors and the role is not sufficiently robust. In addition, the company has a dual-class stock structure, where the CEO has 34.1% combined voting power over both classes of voting common stock. Further, there have been concerns over executive compensation (i.e. Acadian's vote Against Proposal 5) suggesting that shareholders would benefit from the most robust form of independent oversight, in the form of an independent chair. UBS also voted for this proposal as UBS normally support proposals to separate the positions of Chairman and CEO.
17. UBS voted in favour of Proposal 8 which required a report on risks posed by failing to prevent sexual harassment – UBS voted in this way as they are supportive of resolutions seeking reports from issuers on specific issues on the condition these are not overly demanding or beyond the remit of the company's reporting.
18. Acadian voted against this proposal in line with their proxy voting service provider - ISS's recommendation. The background to this decision includes the fact that Comcast's Code of Conduct prohibits workplace sexual harassment. The company says it has readily available external and internal mechanisms to report harassment claims and that it treats all allegations seriously. In addition, following recent sexual harassment allegations about a member of staff, the company conducted an investigation that was independent of that part of the organisation, with assistance from external law firms. The investigation found there was not a broad culture-wide problem of sexual harassment at the company. The company took several actions that were recommended by the report, and in addition, the high-level management in that part of the organisation turned over since the investigation took place. In light of the fact that the company conducted an investigation and made the recommended changes to its policy and procedures, as well as that systemic issues were not found by the investigation, ISS advised that support for this proposal was not warranted.

REQUIRED CORPORATE AND LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	No
People in Hampshire live safe, healthy and independent lives:	No
People in Hampshire enjoy a rich and diverse environment:	No
People in Hampshire enjoy being part of strong, inclusive communities:	No
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because: For the ongoing management of the Hampshire Pension Fund.	

Section 100 D - Local Government Act 1972 - background documents

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DocumentLocation

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report as the proposals do not directly affect scheme members.

Acadian (global equities)

Stock	Proposal	Vote	Rationale
Bank of America Corporation	Provide right to act by written consent	For	Shareholder proposal – a vote for this proposal is warranted given that the ability to act by written consent would enhance shareholder rights.
Genuine Parts Company	Report on equal employment opportunity	For	Shareholder proposal – a vote for this proposal is warranted, as additional diversity-related disclosure would allow shareholders to better assess the effectiveness of the company's diversity initiatives and its management of related risks.
Johnson & Johnson	Require Independent Board Chair	For	Shareholder proposal – a vote for this proposal is warranted. The proponent raised a compelling argument that the company would be best served by adopting an independent chair policy at its next CEO transition in light of the mounting – and potentially material – legal and reputational risks facing the company, particularly around key Johnson & Johnson consumer brands and its role in the opioid epidemic. These circumstances suggest that shareholders would benefit from the most robust form of independent board oversight, in the form of an independent board chair.
Johnson & Johnson	Report on government measures implemented relating to opioids	For	Shareholder proposal – a vote for this proposal is warranted because shareholders would benefit from more specific information about proactive steps the board is taking to mitigate risks related to the manufacture and marketing of opioid-related products, and that incentives are aligned with the health of the communities it serves.
JPMorgan Chase & Co.	Report on climate change	For	Shareholder proposal – a vote for this proposal is warranted, as shareholders would benefit from additional information on the company's plans regarding aligning its greenhouse gas emissions with the Paris Agreement climate goals.
Maximus, Inc.	Report on Lobbying Payments and Policy	For	Shareholder proposal – a vote for this proposal is warranted, as additional disclosure of the company's direct and indirect lobbying-related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

Mizuho Financial Group, Inc.	Amend articles to disclose plan outlining company's business strategy to align investments with goals of Paris Agreement	For	Shareholder proposal – a vote for the shareholder proposal is warranted because: <ul style="list-style-type: none"> Notwithstanding the bank's recent improvement in disclosure, the addition of the proposed language would place market discipline over management for continued improvement of climate-related disclosure practices Shareholders would be better able to evaluate the bank's risk profile because of additional information on the bank's plans regarding aligning its behaviour with Paris Agreement climate goals and reducing climate-related risks.
Motorola Solutions, Inc	Report on political contributions	For	Shareholder proposal – a vote for this proposal is warranted, as comprehensive information about its political expenditures would aid investors in assessing the company's management of related risks and benefits.
National HealthCare Corporation	Report on plans to increase board diversity	For	Shareholder proposal – a vote for this resolution is warranted because the company's board nomination criteria do not specifically ensure the consideration of women or minorities as a diversity characteristic for potential board nominees. This is of heightened concern given that the composition of the board, which has no women, makes it an outlier among its industry peers.
Telephone and Data Systems, Inc.	Approve recapitalisation plan for all stock to have one-vote per share	For	Shareholder proposal – a vote for this proposal is warranted as providing that all shares have an equal, one vote per share would promote accountability to shareholders and is a standard practice of good corporate governance.
The Chugoku Electric Power Co., Inc.	Amend articles to add provision on abolition of advisory positions	For	Shareholder proposal – a vote for this shareholder proposal is warranted because: <ul style="list-style-type: none"> The proposal will add credence to the soundness of the utility's governance by trying to reduce the influence of former senior executives over the utility's ongoing strategic decision making process. Meanwhile, banning such advisory posts in the articles of incorporation will not prevent former senior executives of the utility from playing the role they currently have with the business community, without the title of advisors, if that is deemed reasonable.

The Kroger Co.	Assess environmental impact of non-recyclable packaging	For	Shareholder proposal – a vote for this proposal is warranted as shareholders would benefit from additional information regarding the company’s recyclable packaging commitments and management of related risks.
The TJX Companies, Inc.	Report on reduction of chemical footprint	For	Shareholder proposal – a vote for the shareholder proposal is warranted as shareholders would benefit from a better understanding of steps the company is taking to mitigate its risks related to toxic chemicals.
Walmart Inc.	Report on impacts of single-use plastic bags	For	Shareholder proposal – a vote for this proposal is warranted, as shareholders would benefit from additional information about how the company will meet its sustainability commitments while continuing to distribute single-use plastic shopping bags, as well as the environmental impacts of that choice and the company’s management of related risks and benefits.
Walmart Inc.	Report on strengthening prevention of workplace sexual harassment	For	Shareholder proposal – a vote for this proposal is warranted as additional information on the company’s sexual harassment policies could help shareholders better assess the company’s management of related risks.

Baillie Gifford – Long-Term Global Growth (global equities) (ACCESS)

Stock	Proposal	Vote	Rationale
AIA Group	Elect Directors	For	ACCESS guidelines recommend we oppose the election of a director who is over 70 and not subject to annual re-election. We are comfortable with this director candidate and therefore supported.
ASML	Remuneration	For	ACCESS guidelines recommend opposing remuneration where the performance period is less than five years. We are comfortable with the remuneration arrangements at the company and therefore supported.
Dexcom Inc	Appoint/Pay Auditors	For	ACCESS guidelines recommend opposing as the tenure of the audit firm was over ten years. We believe auditor tenure is an important issue however we do not require a change in auditor after ten years. We instead focus on if the company has a process in place to tender for a new auditor over a suitable timeframe.
Hermes International	Elect Directors	For	ACCESS guidelines recommend we oppose the election of non-independent directors where less than half of the board is independent. We are comfortable with the current board composition and therefore supported.
Intuitive Surgical	Elect Directors	For	ACCESS guidelines recommend we oppose the election of the chairman where there is no senior independent director. We are comfortable with this candidate and therefore supported.
Intuitive Surgical	Remuneration	For	ACCESS guidelines recommend opposing remuneration where there are no performance targets. We are comfortable with the remuneration arrangements at the company and therefore supported.
Spotify Technology SA	Elect Directors	For	ACCESS guidelines recommend we oppose the election of a joint CEO/Chair. We are comfortable with the current CEO/Chair and therefore supported their election.
Tencent	Remuneration	For	ACCESS guidelines recommend opposing remuneration where there is a non-independent director on the Audit Committee. We are comfortable with the composition of the board and therefore supported.
Tencent	Appoint/Pay Auditors	For	ACCESS guidelines recommended opposing as the tenure of the audit firm was not disclosed. We believe auditor tenure is an important issue however the disclosure of audit tenure is not common place in this market.

Baillie Gifford – Global Alpha (global equities)

Stock	Proposal	Vote	Rationale
Netflix Inc	Reporting on political contributions	For	We supported a shareholder resolution for a report on political contributions as we believe enhanced disclosure on the company's policies and procedures is in shareholders' best interests.
Amazon.com	Require an independent chairman	Against	We opposed a shareholder proposal requiring an independent Chair. We believe the current Chair, Jeff Bezos, is a responsible, long-term steward of the business. We also believe the Jonathan Rubinstein provides appropriate balance to the current CEO/Chair set-up.
Deutsche Boerse	Remuneration policy	Against	We opposed the remuneration policy. Within the policy pay can be awarded if net income results are negative and we do not feel this provides sufficient incentive for management or strong alignment with our clients. We will continue to engage with the Board on this issue.
Facebook	Additional gender and racial pay gap reporting	Against	We opposed a shareholder resolution relating to the commencement of additional gender and racial pay gap reporting. Whilst gender pay gap reporting is now widespread, reporting on other types of diversity pay gaps is less well established and best practice is still being developed. We strongly support further sector-wide work in this latter area to improve diversity and racial equality.
Jefferies Financial	Executive compensation and re-election	Against	We opposed the executive compensation and the re-election of the Compensation Committee Chairman due to the award of a discretionary bonus payment despite the company failing to meet its annual performance targets.

Dodge & Cox (global equities) (ACCESS)

Stock	Proposal	Vote	Rationale
Microchip Technology Incorporated	Report on Human Rights Risks in Operations and Supply Chain	Against	Shareholder proposal – ISS recommended a For vote. No further information is available.
Microsoft Corporation	Advisory Vote to Ratify Named Executive Officers' Compensation	For	ISS recommended an Against vote. No further information is available.
Microsoft Corporation	Report on Gender Pay Gap	Against	Shareholder proposal – ISS recommended a For vote. No further information is available.
Ovintiv, Inc.	Report on Climate Change	Against	Shareholder proposal – ISS recommended a For vote. No further information is available.
The Charles Schwab Corporation	Adopt Policy to Annually Disclose EEO-1 Data	Against	Shareholder proposal – ISS recommended a For vote. No further information is available.

UBS – passive equities

Stock	Proposal	Vote	Rationale
Apple Inc.	Report on Freedom of Expression and Access to Information Policies	For	Shareholder proposal - Support for this proposal is warranted as additional information regarding the company's policies and processes regarding freedom of expression and access to information would help shareholders gauge the company's management of related reputational risk.
Cheniere Energy, Inc.	Report on Plans to Address Stranded Carbon Asset Risks.	For	We support proposals that require issuer to report information concerning their potential liability from operations that contribute to global warming, their goals in reducing these emissions, their policy on climate risks with specific reduction targets where such targets are not overly restrictive and the degree to which a company is in line with its industry sector's 2 degrees glide path.
Chevron Corporation	Report on Climate Lobbying Aligned with Paris Agreement Goals.	For	We support proposals that require issuer to report information concerning their potential liability from operations that contribute to global warming, their goals in reducing these emissions, their policy on climate risks with specific reduction targets where such targets are not overly restrictive and the degree to which a company is in line with its industry sector's 2 degrees glide path.
Chevron Corporation	Report on Petrochemical Risk.	For	We will support proposals that seek to promote greater disclosure and transparency in corporate environmental policies as long as: a) the issues are not already effectively dealt with through legislation or regulation; b) the company has not already responded in a sufficient manner; and c) the proposal is not unduly burdensome or overly prescriptive.
Royal Dutch Shell Plc	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions.	Abstain	The company already substantially meets the resolution. However, continued engagement on the details of Scope 3 ambitions is needed.
The Walt Disney Company	Report on Lobbying Payments and Policy	For	Shareholder proposal - In general, we will support shareholder proposals seeking greater transparency on company lobbying except where covered by existing legislation and where the company meets such regulation, unless there is a direct reputational risk.

Total SA	Instruct Company to Set and Publish Targets for Greenhouse Gas (GHG) Emissions Aligned with the Goal of the Paris Climate Agreement and Amend Article 19 of Bylaws Accordingly.	For	The resolution is generally reasonable in its intent and its request. The company has responded in terms of its existing disclosures and its updated climate change ambitions.
Tyson Foods, Inc	Report on Human Rights Risk Assessment Process	For	Shareholder proposal - Shareholders would benefit from further information regarding how the company manages human rights risks through the supply chain.

Schroders (UK equities)

Stock	Proposal	Vote	Rationale
Ocado Group	Director election	Against	The proposal was to re-elect Andrew Harrison as Director. However we opposed the appointment as he is the Chair of the Remuneration Committee and we had concerns around remuneration.
Ocado Group	Remuneration policy	Against	The proposal was to approve the remuneration report. However we opposed as the framework is highly dependent on short-term targets.
Tesco Plc	Director election	Against	The proposal was to re-elect Steve Golsby as Director. However we opposed as he is the Chair of the Remuneration Committee and we had concerns around remuneration.

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