

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Responsible Investment Sub-Committee
Date:	12 September 2023
Title:	Stewardship highlight report
Report From:	Director of Corporate Operations

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Purpose of this Report

1. This report provides information regarding the Pension Fund's investment managers' stewardship of the Pension Fund's assets, their engagement with the management of the companies the Pension Fund invests in, including how the investment managers have voted on behalf of the Fund during the period October 2022 to June 2023.

Recommendations

2. That the Pension Fund Responsible Investment Sub-Committee notes how the Pension Fund's investment managers have voted in the Fund's portfolios and engaged with the management of these companies 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 2020 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 engagement and casting shareholder votes for its equity investments, and the expectations of the investment managers are set out in the Fund's Responsible Investment Policy as part of the Investment Strategy Statement.

4. The Fund recognises that there are different expectations for its investment managers in terms of how they engage with companies, but as a minimum all are expected to engage with invested companies on areas of concern related to environmental, social and governance (ESG) issues and to also exercise voting rights particularly with regard to ESG factors, in a manner that will most favourably impact the economic value of the investments. In addition, the Fund's active investment managers are required to pro-actively consider how all relevant factors, including ESG factors, will influence the long-term value of each investment.
5. As investors in common stock (equities), the Pension Fund (via the pooled funds it invests in) 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.
6. 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.
7. 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:
 - Equities directly held directly in the ACCESS pool (Acadian's Low Volatility portfolio, Baillie Gifford's Long-term Global Growth and Global Alpha portfolios and Dodge & Cox's Global Stock Fund portfolio) will be voted in accordance with ACCESS's voting guidelines, which were agreed by the ACCESS Joint Committee.
 - Equities in pooled funds of external investment managers (such as UBS-AM) will be voted in accordance with the investment manager's voting policy, which applies to all holdings within the fund.
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 examples of these are described in Table 1. 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/responsible-investment>

10. The explanations provided by investment managers for their voting and engagements are provided for Members to evaluate the investment managers stewardship and to challenge and follow-up as necessary in future interactions with the investment managers.

Engagement highlights

11. In order for the Responsible Investment (RI) Sub-Committee to scrutinise the engagement activity of the Pension Fund's investment managers engagement examples are shown in Appendix 1. These examples are a small sample of overall engagements but in the main are focused on investments that the Pension Fund's consultant – MJ Hudson, highlighted as a high ESG risk. Following feedback from Members and the advice of the Fund's consultant the questions to investment managers have been structured to focus on the purpose of the engagement and whether or not this was successful.
12. Examples are included across the range of the Pension Fund's assets including equities, credit (multi-asset credit and asset-backed securities) and non-listed investments (private equity and infrastructure). Although the engagement and relationship with the underlying investment will vary depending on the type of investment, it is nonetheless important that regardless of type investment managers are utilising their influence on investee companies on behalf of the Pension Fund.
13. Investment managers have to carefully manage their relationships with company management therefore there are instances where to preserve an effective working relationship, the investment managers cannot publicly disclose the full details of their engagement or have asked to anonymise the examples they have provided.

Voting highlights

14. In order for the RI Sub-Committee to scrutinise the voting activity for the Pension Fund's investments a summary of voting highlights for the period January to June 2023, which are contained in Appendix 2. 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.

15. 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.
 - 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.
16. In all these instances voting against the company management is in line with ACCESS's policy, which allows 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 or Acadian 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.
17. The review of voting records has highlighted instances where the Pension Fund's investment managers have voted differently on the same point; examples of these are in Table 1.

Table 1: Examples of instances where the Pension Fund's investment managers have voted differently			
Company	Resolution	Investment Manager 1	Investment Manager 2
Tesla Inc	Report on water risk exposure	<u>Baillie Gifford</u> - AGAINST – We opposed the resolution requesting a report on the company's water risk exposure. The company already provides detailed exposure and has stated its intention to continue to increase the level of disclosure in the future impact reports.	<u>UBS</u> - FOR – The request for additional reporting is reasonable and would enable shareholders to have a better understanding of the company's approach.
Pepsico Inc	Report on impacts of restrictive	<u>Acadian</u> – AGAINST – the vote against is warranted as on balance	<u>UBS</u> – FOR – Request for additional reporting is reasonable.

Table 1: Examples of instances where the Pension Fund’s investment managers have voted differently

Company	Resolution	Investment Manager 1	Investment Manager 2
	reproductive healthcare legislation	the risks stemming from issuing the requested report appear to be greater than the risks to the company associated with its current disclosure and practices	
Pepsico Inc	Issue Transparency report on Global Public Policy and Political influence	<u>Acadian</u> – AGAINST – – the vote against is warranted as the proposal is overly prescriptive and the company disclosures are adequate information for shareholders to assess the company’s	<u>UBS</u> – FOR - We will not support company proposals allowing companies to make political donations and will support shareholder proposals requiring companies to be transparent concerning such donations.

Climate Change Impact Assessments

18. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council’s climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

19. The Pension Fund itself has a negligible carbon footprint, but it recognises that the companies and other organisations that it invests in will have their own carbon footprint and a significant role to play in the transition to a lower carbon economy. Therefore, the Pension Fund recognises the risk that environmental, social and governance (ESG) factors including the impact of climate change can materially reduce long-term returns. The Pension Fund has a role to play as an investor, in ensuring that its investment managers are suitably considering the impact and contribution to climate change in their investment decisions and acting as a good steward to encourage these companies to play their part in reducing climate change. This is explained further in the Pension Fund’s RI policy [InvestmentStrategyStatementincludingRIpolicy.pdf \(hants.gov.uk\)](#).

20. This paper addresses how the Pension Fund's investment managers have considered ESG factors including the risk and impact of Climate Change have been considered in their stewardship of the Pension Fund's investments.

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

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 ASSESSMENT:

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.

Portfolio	Dodge & Cox (global equities)
Company	Suncor
Investment Rationale	Suncor is an integrated oil company operating in the Canadian oil sands and offshore Canada/North Sea. We invested in Suncor because of our positive views on its strong management team, free cash flow generative business model, and attractive valuation.
Date of recent engagement activity	June 2023
What was the aim of the engagement(s) conducted over the last year?	Governance, Social – Our conversation focused on updates on the new CEO transition, corporate layoffs, operating costs and safety concerns at Suncor.
What was the basis of the engagement(s) and result, if any?	We met with the CFO in our offices and discussed the CEO transition plan as well as SU's new CEO qualifications. We spoke about the company's efforts to reduce labour costs and focus on reducing its contractor base and recent layoffs. We probed into employee sentiment as a result of the layoffs and CEO transition and will continue discussions on this point. Additionally, we continued our conversations with Suncor around safety concerns and changes the company has made as a result of the external reviews it had commissioned.
Were the engagement(s) successful – if not what is the next point of escalation	Yes – we communicated our views to the company management and believe they adequately heard our voice.

Portfolio	Dodge & Cox (global equities)
Company	Occidental Petroleum (OXY)
Investment Rationale	Occidental Petroleum (OXY) is an oil and natural gas exploration and production company. We invested in OXY because of our positive views on its diversified, free cash flow generative upstream portfolio, strong operating capabilities, and attractive valuation. We also believe OXY's investments in carbon capture, utilization, and storage (CCUS) technologies through their Low Carbon Ventures (LCV) business could be a source of value in the future.
Date of recent engagement activity	May 2023
What was the aim of the engagement(s) conducted over the last year?	Governance, Environmental – We spoke with the company discussing capital allocation and its continued investments in its energy transition goals.
What was the basis of the engagement(s) and result, if any?	Our Global Industry Analyst met with OXY's CEO and CFO in our offices and we continued having conversations with Occidental on its capital allocation framework. We spoke about OXY's debt reduction efforts over the last year as well as mergers and acquisitions (M&A) trends in the industry.

	Additionally, we continued our discussions on OXY's climate strategy. We spoke about carbon credits available in the industry and OXY's current strategy to determine how the direct air capture (DAC) technology that the company is investing in could be beneficial to its business over the long-term. We believe that the company's current climate strategy and goals are adequate and think that its governing and reporting structure on climate are strong.
Were the engagement(s) successful – if not what is the next point of escalation	Yes – we communicated our views to the company management and believe they adequately heard our voice.

Portfolio	Baillie Gifford (global equities)
Company	Multi-national metal and mining company
Investment Rationale	One of the lowest cost global producers of key metals providing incredible returns across the cycle, and likely to deliver good earnings growth over the next decade.
Date of recent engagement activity	May 2023
What was the aim of the engagement(s) conducted over the last year?	Our aim was to explore the detail behind the company's decarbonisation strategy, focusing on its aluminium and iron ore operations, as these account for the vast majority of the company's carbon footprint.
What was the basis of the engagement(s) and result, if any?	Our engagement provided insight into the complexity of the challenge and reassurance that the company will continue to commit material resources to exploring potential solutions as it pursues carbon reduction targets. However, the pathway to materially lower emissions will require several technological breakthroughs that remain unproven at commercial scale today.
Were the engagement(s) successful – if not what is the next point of escalation	We consider this a successful engagement. It is part of a long-running and ongoing engagement with the company about its approach to decarbonisation. We did not support the company's Climate Action Plan at the 2022 AGM as we felt it was insufficiently urgent or ambitious in relation to both tackling direct emissions and setting a scope 3 target. Our ongoing engagement process is therefore focussed on supporting and encouraging the company to make progress in this area, noting that the scale of the problem (the company's supply chain produces c. 600 million tonnes of CO2 each year: more than the entirety of the UK) means change is likely to be slow. The company views the decarbonisation of the steel industry coming in at least three phases. The first phase – and the focus of their current attention – is the optimisation of blast furnaces to reduce emissions. Phase 2 involves the

	roll out of DRI technology using hydrogen – technology that is already available today – and phase 3 is dependent on the development of new technologies such as iron ore electrolysis. We will continue to liaise on these topics and push them to show greater urgency in achieving, in particular, phases 2 & 3.
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Portfolio	Acadian (global equities)
Company	Hong-Kong utilities company
Investment Rationale	Strong bottom-up alpha forecast
Date of recent engagement activity	Q3 2023
What was the aim of the engagement(s) conducted over the last year?	Diversity improvement - we noticed this company may be falling behind on their efforts on Diversity, Equality and Inclusion (DE&I) which warranted further investigation.
What was the basis of the engagement(s) and result, if any?	We engaged with this company to better understand why female participation in their workforce was low and female employees had a higher turnover rate than males. We asked them to consider reporting management level diversity statistics and to set targets to increase diversity across levels.
Were the engagement(s) successful – if not what is the next point of escalation	We believe strong DE&I efforts and practices equate to better long-term firm performance. The company is yet to provide a satisfactory response and we will continue the engagement.

Portfolio	Acadian (global equities)
Company	German healthcare company
Investment Rationale	Strong bottom-up alpha forecast
Date of recent engagement activity	Q2 2023
What was the aim of the engagement(s) conducted over the last year?	Climate action - the company reported scope 1 and 2 emissions, which were significantly above sector peers. We asked the company about their decarbonization targets and progress so far, going into Science Based Targets (SBTi) as well.
What was the basis of the engagement(s) and result, if any?	Milestone 3 - We met with the company's head of Climate Action. The company reduced scope 2 by 25% in 2022 by developing their efficiency program. Electricity from renewables increased to 43% in 2022. Scope 3 increased slightly, in line with the sales growth. The company has committed to SBTi aligned with 1.5-degree scenario for their targets. They have an absolute target for scope 1 and 2 to reduce 50% emissions by 2030 with baseline year 2020. The company opted for an intensity reduction goal for scope 3. The company conducted a climate scenario analysis aligned with international regulation. 80% of their carbon footprint comes from

	suppliers. To tackle this, they have a supplier decarbonization program, to interact directly with suppliers and collect data from them. They also push suppliers towards using green energy. Since the company cannot confirm the accuracy of data, they do not drop suppliers based on carbon metrics, but they are looking into this.
Were the engagement(s) successful – if not what is the next point of escalation	Yes - the company has set a SBTi to achieve 50% reduction in operational CO2 emissions by 2030. They do not have a net zero target. The company seems to have targets in place, but it is still a high emitter for the overall portfolio. Thus, Acadian will follow up on this engagement if required in the future to gauge progress on the targets set by the company with SBTi.

Portfolio	UBS (passive global equities)
Company	European international energy company
Investment Rationale	Index weighted position
Date of recent engagement activity	March 2023
What was the aim of the engagement(s) conducted over the last year?	Our initial engagement with the company in 2018 was driven by concerns over carbon emissions trends, fossil fuel exposure, weak disclosure levels, the absence of climate change policies and targets and the general lack of a more forward-looking strategic view to climate change risk. We have continued to engage with the company to encourage strengthening of its strategy since then.
What was the basis of the engagement(s) and result, if any?	The company presented its first energy transition plan for shareholder vote and strengthened its targets to reduce operated scope 1 and 2 emissions
Were the engagement(s) successful – if not what is the next point of escalation	Yes – We continue to monitor progress and continue to press for stronger action to tackle value chain emissions

Portfolio	UBS (passive global equities)
Company	US multinational energy company
Investment Rationale	Index weighted position
Date of recent engagement activity	April 2023
What was the aim of the engagement(s) conducted over the last year?	Our engagement with them was on the importance of absolute scope 3 targets. The company has had a push from its investors that scope 3 is a crucial signal of transition risk and the demand for oil and gas in a 1.5C trajectory should reduce. The discussion also included encouraging the company to revise its methane emissions intensity targets periodically and consider joining OGMP 2.0.
What was the basis of the engagement(s) and result, if any?	The company responded with their reasoning and we gained information on their position.

Were the engagement(s) successful – if not what is the next point of escalation	Neutral- We continue to monitor progress and continue to press for stronger action to tackle their methane emissions and oil and gas use
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Portfolio	Barings (Multi-asset Credit)
Company	Vedanta
Investment Rationale	<p>Vedanta is a diversified, low-cost mining operator based mainly in India. The company's operational performance is relatively strong.</p> <p>Barings' proprietary Environmental score for the company is unchanged (4 out of 5; 5 is the lowest score) with an improving outlook. This is based on increased public climate-related disclosure sought through Climate Action 100+, which includes a net zero target by 2050 and progress made towards its mid-term target of 25% absolute emissions reduction by 2030. So far, Vedanta has been on track to deliver its mid-term targets.</p>
Date of recent engagement activity	June 2023
What was the aim of the engagement(s) conducted over the last year?	We have been engaging with Vedanta throughout the year. The latest engagement was a meeting with Vedanta's management and promoter. We challenged the company on its lack of communication with investors and last-minute approach on its liability management, both are signs of weak corporate governance.
What was the basis of the engagement(s) and result, if any?	Regarding the governance issue raised, the company promised investors that it will improve disclosure and communication going forwards. Vedanta has expressed great willingness to improve its practices and we will continue to monitor the company's action. Will change the Governance score outlook to improving if the company shows significant progress towards the right direction.
Were the engagement(s) successful – if not what is the next point of escalation	<p>Vedanta has improved its disclosure on energy mix since our last engagement. They are also on track to achieve its mid-term decarbonisation target. We will continue to engage with the company on this topic and will request disclosure/targets on scope 3 emission in the next meeting.</p> <p>The company promised investors that it will improve disclosure and communication going forwards.</p>

Portfolio	Twenty-four Asset Management (Asset-backed securities - ABS)
Company	Lloyds Bank
Date of recent engagement activity	May 2023

What was the aim of the engagement(s) conducted over the last year?	We engaged with Lloyds as part of our Carbon Emissions Engagement Policy. The focus of the engagement was in regards to the steps they are taking to reduce scope 3 emissions and broader firmwide environmental policy.
What was the basis of the engagement(s) and result, if any?	<p>Lloyds provided a lot of information on their targets for reduction in financed emissions and reduction in the carbon intensity of their residential mortgages. They have also set targets for affordable housing and diversity in their workforce. During our engagement they highlighted that the key challenges lie within mortgages and agriculture – they only have a limited exposure to fossil fuels. Their climate transition plan consists of target setting for both the bank financed emissions covering a major proportion of their lending (including oil & gas and power generation but mostly focussed on the motor and residential mortgages division) and the emissions financed through Scottish Widows.</p> <p>Their plan to tackle the residential mortgages division consists of (1) educate customers on the energy transition and (2) offer green products such as cash back products for EPC with A or B upgrades and retrofitting products which create incentives for borrowers to make energy improvement. Additionally, they have a partnered with Octopus Energy in which Lloyds provide the financing for electric heat pumps and Octopus Energy carries out the installation.</p>
Were the engagement(s) successful – if not what is the next point of escalation	Yes, this was a very comprehensive response from Lloyds. We will continue to monitor ESG developments and whether they are meeting their targets in terms of carbon emission reduction. Importantly, maintain engagement to monitor progress on emissions disclosures for ABS deals rather than only for each lending division.

Portfolio	abrdn (Private Equity)
Company	Dott
Investment Rationale	Co-investment in a European micro-mobility company operating over 50,000 shared electric scooters and electric bikes in more than 35 cities
Date of recent engagement activity	June 2023
What was the aim of the engagement(s) conducted over the last year?	We discussed the viability of refurbishing the existing electric vehicle fleet instead of purchasing new. It would allow Dott to reduce their carbon footprint by 50%.
What was the basis of the engagement(s) and result, if any?	Yes. Dott has now started working on increasing the fleet life from 3-4 years to over 7 years through their refurbishment project.

Were the engagement(s) successful – if not what is the next point of escalation	Yes
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Portfolio	GCM (infrastructure)
Company	Central European gas and power provider
Investment Rationale	The company plays a significant role in the transmission, distribution and storage of gas in a number of central European countries.
Date of recent engagement activity	Q1 2023
What was the aim of the engagement(s) conducted over the last year?	The General Partner (GP) has engaged as part of the ongoing management and continuous improvement of ESG.
What was the basis of the engagement(s) and result, if any?	The company remains committed to carbon neutrality by 2040. By 2030, it aims to reduce its CO2 emissions from its existing heating plants by 60% and abandoning coal as a primary energy source. A comprehensive GHG-reduction pathway will be developed and implemented as a result of the work between the GP and the company. In addition, the company is currently in the process of establishing a Green Finance Framework to position itself for a potential refinancing through a green or sustainable-linked bond.
Were the engagement(s) successful – if not what is the next point of escalation	Yes the company's direction of travel and progress is strong and will be subject to ongoing quarterly monitoring.

Portfolio	GCM (infrastructure)
Company	US electricity transmission company
Investment Rationale	The company operates electricity transmission in north-east of America with nearly 600,000 customers.
Date of recent engagement activity	Q1 2023
What was the aim of the engagement(s) conducted over the last year?	Engagement flows from the company's materiality matrix that assesses ESG risks, weighing the sustainability impact against business success. Annual and long-term targets provide structure to the company's ESG vision.
What was the basis of the engagement(s) and result, if any?	Since 2021 and the arrival of a new vice-president of Corporate Responsibility there has been a notable increase in commitment to ESG advancement. This has involved updated materiality assessments to pinpoint performance gaps and formulate strategies to tackle them. Progress includes the extension of ESG-related KPIs and enhancements to the Supplier Code of Conduct incorporating key ESG subjects. In May 2023 the company released its first report outlining their corporate responsibility and sustainability endeavours, which will be included in future reports.

Were the engagement(s) successful – if not what is the next point of escalation	Yes and will be monitored quarterly on an ongoing basis.
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Acadian (global equities) (ACCESS)

Stock	Proposal	Vote	Rationale
Compania Distribucion Integral Logosta Holdings SA	Management – Approve remuneration policy	Against	A vote against this item is warranted based on the following consideration: the board proposes to increase the company contributions for the CEO’s pension scheme from 10 percent to 20 percent of salary and paid out bonus “in line with the best market practice and for retention purposes”. However, the best market practices advocate for reasonable contributions to pension scheme, ideally in line with the wider workforce, while the CEO’s current pay package is deemed sufficiently competitive.
Tyson Foods inc	Management – Elect Director Barbara A. Tyson	Against	Votes against John Tyson and Barbara Tyson are warranted as their ownership of the super-voting shares through the Tyson Limited partnership provide them with voting power control of the company.
Kemira Oyg	Management – Allow shareholder meetings to be held by electronic means only.	Against	A vote against the proposed article amendments is warranted because the new articles provide the possibility for virtual-only shareholder meetings. While there are benefits from allowing participation at shareholder meetings via electronic means, virtual-only meetings may hinder meaningful exchanges between management and shareholders and enable management to avoid uncomfortable questions.
FSE Lifestyle services Limited	Management – Authorise Reissuance of repurchased shares	Against	A vote against these resolutions is warranted for the following – The aggregate share issuance is greater than 10 percent of the relevant class of shares. The company has not specified the discount limit.
The Coca-Cola Company	Shareholder – Report on congruency of political spending with the company values and priorities.	For	A vote for this proposal is warranted, as a report on the congruence of the company’s political expenditures with its stated values would enable shareholders to have a more comprehensive understanding of how the company oversees and manages risks related to its political spending.
Sonoco Products	Shareholder – Reduce ownership threshold for shareholders to call special meeting	For	A vote for this proposal is warranted as the proposed 10 percent ownership threshold for shareholders to call for a special meeting would enhance shareholders ability to make use of the right, and the likelihood of abuse of the right would remain small.

Stock	Proposal	Vote	Rationale
Johnson & Johnson	Shareholder – Report on Government financial support and equitable access to Covid-19 products.	For	A vote for this proposal is warranted, as reporting on the impact of public funding on the company's pricing and access plans would allow shareholders to better assess the company's management of related risks throughout the expected lifetime of the vaccine.
Kellogg Company	Shareholder – Report on median gender/racial pay gap.	For	A vote for this proposal is warranted, as shareholders would benefit from additional information allowing them to better measure the progress of the company's diversity and inclusion initiatives and its management of related risks.
Stef	Management – Approve Auditors' special report on related-party transactions	Against	The proposal warrants a vote against because the company failed to provide adequate information and compelling rationale with respect to consulting services. It is therefore impossible to ascertain that the continuation of these agreements are in the shareholders interests.
Kimberly-Clarke Corporation	Management – Ratify Deloitte & Touche LLP as auditors	Against	A vote against is warranted, since the auditor tenure exceeds 10 years.

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

Stock	Proposal	Vote	Rationale
Tesla Inc	Shareholder – Resolution - Social	For	We supported the resolution requesting additional disclosure on their efforts to address harassment and discrimination in the workplace. We believe quantitative disclosure would help us understand and monitor the company's efforts.
Tesla Inc	Shareholder - Social	For	We supported the resolution requesting a report on the impact of using mandatory arbitration in line with our voting approach in 2020 and 2021. We believe increased transparency would help us better understand the company's use of the practice and any implications for workplace practices and culture.
Tesla Inc	Shareholder - Climate	Against	We opposed a shareholder resolution requesting a report on how the company's corporate lobbying is aligned with the Paris climate agreement. Given Tesla's core mission is to accelerate the world's transition to sustainable energy and its business strategy is alignment with the Paris agreement we believe additional disclosures would be burdensome with no real benefit for shareholders.
Spotify Technology SA	Management – Amendment of share capital	Against	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.
CATL 'A' - Stock Connect	Management – Articles of Association	Abstain	We abstained on two resolutions to approve amendments to the articles of association due to a significant increase in the size of political donations not subject to shareholder approval.
CATL 'A' - Stock Connect	Shareholder - Governance	For	We supported a shareholder resolution put forward by the controlling shareholder relating to a profit distribution plan. The resolution received full support from the board and we were comfortable with the proposed terms.
PDD Holdings Inc	Management – Elect Directors	Against	We opposed the election of the director who is the chair of the nomination committee because the board remains entirely male. We have engaged previously with the company on this issue and explained that we expect the gender diversity of the board to improve by this annual general meeting. We

Stock	Proposal	Vote	Rationale
			believe that diversity would bring different perspectives to the board which is ultimately important for the long-term prospects of the company.
Netflix Inc	Shareholder - Social	For	We supported a shareholder resolution requesting the company adopt and disclose a freedom of association and collective bargaining policy. Labour issues are identified as a material risk to the company's financial statements and we believe that shareholders would benefit from greater understanding of Netflix's policy and approach to this matter. It's lack of policy lags other large technology companies and may open it up to increased risk, particularly in light of past and ongoing controversies.
Zoom	Management - Remuneration	Against	We opposed executive remuneration due to concerns over the inappropriate use of discretion. We believe that the large off-cycle payments made to the executives during the year do not reflect the experience of long-term shareholders, nor underpin future long-term performance due to the absence of performance targets attached.
Amazon.com	Shareholder - Environmental	For	We supported a shareholder resolution requesting a report on plastic use. Plastic pollution poses financial, operational and reputational risks to the company. While we continue to believe that Amazon are making progress we think more could be done particularly with the regards to how they influence their manufacturers to reduce their usage. We also believe that the company lags peers who disclose total plastic use and reduction targets. Better addressing this issue will help position the company for the long term future growth.
Amazon.com	Shareholder - Social	Against	We opposed a shareholder resolution requesting reporting on takedown requests by the government of the United States. Instead we supported a shareholder resolution requesting disclosure of takedown requests more generally.
Moderna Inc	Shareholder – Social	Against	We opposed the proposal to commission a third party report into the feasibility of transferring the IP of Moderna's Covid-19 vaccine to companies in low and middle income countries. This is a re-file of the same proposal which was on the agenda last year and which we opposed. Little has changed to warrant us changing our view on this. There is little to suggest that there is a supply issue

Stock	Proposal	Vote	Rationale
			in low and middle income countries. Should Moderna license more of its IP, we are confident it would have limited effect on addressing today's Covid vaccine inequalities and it also comes with substantial risks which, we believe, the company has considered appropriately.

Baillie Gifford – Global Alpha (global equities) (ACCESS)

Stock	Proposal	Vote	Rationale
Richemont	Management – Non-executive Remuneration	Against	We opposed a resolution to approve variable remuneration for the executive committee due to a lack of clarity and clear alignment with shareholder interests.
Snowflake Inc	Management – Elect directors	For	Access guidelines recommend we oppose the election of a joint chair/CEO. We are comfortable with the current chair/CEO and therefore supported their election.
Richemont	Shareholder - Governance	Against	We opposed two shareholder resolutions to appoint a representative of category A shares due to a lack of compelling justification for the candidate nominated by the proponent. Instead, we chose to support the candidate proposed by management.
Spotify	Management – Amendment of share capital	Against	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.
Analog Devices	Management – Appoint/Pay auditors	For	Access guidelines recommended opposing as the tenure of the audit firm is over ten years. We believe auditor tenure is an important issue, however 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.
Mastercard	Shareholder - Social	Against	We opposed a shareholder resolution requesting a report on board oversight of discrimination. We are satisfied with the company's efforts and disclosures on diversity and inclusion. We do not believe that any cause for concern that its practices are discriminatory.
CBRE Group inc	Shareholder - Social	Against	We opposed a shareholder resolution calling for increased stock ownership retention for senior executive, as the company already has a minimum stock ownership guidelines in place
Floor & Décor Holdings	Management - Incentive Plan	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.

Dodge & Cox – Global Stock Fund (global equities)

Stock	Proposal	Vote	Rationale
FedEx Corporation	Management -Ratify Ernst & Young LLP as Auditors	Against	A vote against is warranted given the current auditors tenure exceeds 10 years.
XP Inc	Management – Approve changes in authorised share capital	Against	Dodge & Cox is generally opposed to dual-class capitalisation structures that provide disparate voting rights to different groups of shareholders with similar economic investments. The proposal perpetuates the dual class shareholder structure with different voting rights which is not in the best interests of the minority shareholders. Dodge & Cox currently holds class A shares (limited voting shares) and is limited in its purchasing power by the amount of class A shares in the market. The proposal seeks to repurpose some class A shares to class B shares which would then limit Dodge & Cox's purchasing power even further. Support is not warranted.
Credit Suisse Group AG	Management – Additional voting instructions – Board of Directors proposals (voting)	Against	Dodge & Cox will typically vote against other business proposals in non US markets, as it varies by market what can legally be covered under the other business and it cannot be known, when voting by proxy, whether the items raised under any other business would be beneficial to shareholders.
Cisco Systems Inc	Shareholder – Report on tax transparency set forth in the global reporting initiatives tax standard.	Against	Dodge and Cox generally support managements decisions regarding a company's business operations. Dodge and Cox will review 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. For example shareholder proposals requesting information or data that enables us to better assess material financial risks to the company around social and environmental issues such as human capital and energy transition.
Alibaba	Management – Ratify Price Waterhouse as auditors	Against	A vote against is warranted given the current auditors tenure exceeds 10 years.

Stock	Proposal	Vote	Rationale
Proseus NV	Management – Re-elect JDT Stofberg as Non-Executive Director	Against	A vote Against the election of non-executive director is warranted since the nominee, who is over 70, and is not required to stand for re-election each year.
J.D.com Inc	Management – Amend memorandum of association and articles of association	Against	Allows for virtual only meetings without providing rationale
Mitsubishi Electric Corp	Management – Elect Director Kawagoishi, Tadashi	Against	Vote against the election of an executive director who is also a member of the audit committee.
Novartis AG	Management – Transaction other	Against	Dodge and Cox will typically vote against other business proposals in non-us markets as it varies by market what can legally be covered under other business and it cannot be known, when by proxy voting, whether the items raised would be beneficial to shareholders.

UBS-AM – passive equities

Stock	Proposal	Vote	Rationale
CVS Health Corporation	Shareholder – Adopt a paid sick leave policy	For	Request for additional reporting is reasonable
Deutsche Wohnen SE	Shareholder – Appoint Jochen Jahn as Special Auditor in connection with Loan Agreement with Vonovia SE	For	The special audits would investigate whether the granting of a loan to the company's majority shareholder constitutes an unlawful financial aid and whether it was in the best interests of the company. While there is currently no clear an irrefutable evidence of wrongdoing by members of the management and supervisory boards in connection with the loan agreement, the conduct of the management and supervisory boards in the context of Vonovia's takeover raises legitimate concerns about potential conflicts of interest and a breach of fiduciary responsibilities
Alphabet Inc	Shareholder - Report on framework to assess company lobbying alignment with climate goals	For	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 direct reputational risk.
Alphabet Inc	Shareholder – Report on risks doing business in countries with significant Human Rights concerns.	For	Request for additional reporting is reasonable.
Amazon.com	Management – Advisory vote to ratify named executive officers' compensation	Against	Executive pay is not aligned with performance, excessive pay quantum.
AstraZeneca PLC	Management – Authorise issue of Equity without pre-emptive rights	Against	Share issuances without pre-emptive rights exceeding 10% of issued share capital are deemed overly dilutive
Wells Fargo & Company	Shareholder – Report on Climate Transition Plan Describing efforts to	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

Stock	Proposal	Vote	Rationale
	align financing activities with GHG targets		company has not already responded in a sufficient manner; and c) the proposal is not unduly burdensome or overly prescriptive.
Walmart Inc	Management – Elect Director Thomas W. Horton	Against	Lack of gender diversity
United Parcel Service Inc	Shareholder – Report on Just Transition	For	The proposal would further enable shareholders to determine the strength of the company policy, strategy and actions in regards to climate change.
Henderson Land Development Company Ltd	Management – Elect Lee Ka Shing as Director	Against	Board not sufficiently independent. Unsupportive of Executives on the remuneration committee. Executive Director and the nomination committee lacks sufficient independence.