



# Stewardship Update

SECOND QUARTER · 2022-23 (JULY – SEPTEMBER 2022)



# Responsible Investment & Engagement:

## LGPS Central's approach



LGPS Central's approach to Responsible Investment & Engagement carries two objectives:

**OBJECTIVE #1**

Support investment objectives

**OBJECTIVE #2**

Be an exemplar for RI within the financial services industry, promote collaboration and raise standards across the marketplace

These are met through three pillars:



This update covers LGPS Central's *stewardship* activity. Our stewardship efforts are supplemented by global engagement and voting services provided by EOS at Federated Hermes. For more information, please refer to our Responsible Investment & Engagement Framework and Annual Stewardship Report.

**ADDITIONAL DISCLOSURES**

<a href="#">Responsible Investment &amp; Engagement Framework</a>	<a href="#">Annual Stewardship Report</a>	<a href="#">Voting Principles</a>	<a href="#">Voting Disclosure</a>	<a href="#">Voting Statistics</a>
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<p>Signatory of:</p> <p>Principles for Responsible Investment</p>	<p>STEWARDSHIP CODE</p>	<p>Member</p>	
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# 01 Summary of engagement and voting activity

Below is a high-level summary of key engagements and voting that have taken place during Q2 of the financial year 2022-23. These and other engagements and voting examples will be covered in more detail later in this update.

## ENVIRONMENTAL

We sent a letter to **Barclays** to explain our vote at the May AGM, as well as to engage on Barclay's Climate Strategy, Targets and Progress 2022 report. As a positive development, Barclays has started using the IEA's Net Zero by 2050 Roadmap for Energy sector analysis as a reference and has set specific 2030 sector emissions intensity targets. We have expressed concern over the target ranges for these targets, which do not appear fully aligned with IEA's NZE analysis and will continue engagement on this. While the company initially set a 2035 timeline for phasing out financing of US thermal coal power generation, we greatly welcome their recent commitment to prepone this deadline from 2035 to 2030 taking effect year-end 2022.

Our external stewardship partner EOS at Federated Hermes participated in a Principles for Responsible Investment (PRI) **working group on plastics** with the **Ellen MacArthur Foundation (EMF)**. EMF leads an initiative called The Global Commitment, in collaboration with the UN Environment Programme, which has more than 500 organisations committed to develop the circular economy by reusing, recycling and composting plastics. Discussion was done on the topics of best practices in plastic reporting, strategies to eliminate plastic, concerns regarding flexible packaging and the impact of the forthcoming UN treaty on plastic pollution.

## SOCIAL

LGPSC sent a letter to **Meta** after the AGM in May, on the human rights impact of the Metaverse, and Meta acknowledges significant investor interest on the same. Our stewardship provider EOS at Federated Hermes also sent a letter to Meta to share feedback on the company's new human rights report and requested a follow-up meeting. The report provides some helpful information on policies and procedures, but we would like to see improvement regarding user privacy rights. We welcome the company taking actions to enhance disclosure on human rights, however, there could be more disclosure on Meta's content moderation.

Together with Rathbones Group Plc, we held a meeting with **ITV**, discussing the company's management of modern slavery risks. ITV has shown strong practice in setting policies on modern slavery risks, and we wanted to get more disclosure of its framework. We discussed ITV's corporate governance, whistleblowing practices, modern slavery training as well as supplier-risk mapping. We appreciate ITV's commitment to mitigate modern slavery risk. The company is compliant with the Modern Slavery Act and has published its sixth Modern Slavery Act Transparency Statement.

## GOVERNANCE

We have, together with fellow 30% Investor Club members, and led by Royal London Asset Management, continued engagement with a **Japanese financial services company** to encourage better diversity and to seek more disclosure on diversity-related policies and targets. Over a two-year period of engagement, we have valued the company's willingness to engage on the topic (which is still a challenge in the Japanese market) and we have seen some promising progress. The company has increased the level of female representation on the board to 13.3%. Furthermore, the company has joined the Japanese chapter of the 30% club which should help support its own ambitions regarding diversity and inclusion. We were also pleased to note the company's initiative in developing human resource policies aimed at empowering women across the organisation. We encourage the company to set and/or increase targets for diversity at all levels of the organisation and to provide more information to investors on how these targets will be met going forward.

## Voting highlights



### TESLA

#### TESLA INC.

We supported all the eight shareholder proposals at Tesla’s AGM on 4 August. The proposal to report climate lobbying in line with the Paris Agreement corresponded to our stewardship theme of **climate change** and received 34.3% support. The proposal to report on eradicating child labour in the company’s battery supply chain was directly linked to our **human rights** theme and received 10.4% votes. Both these resolutions were unable to pass, but the notable shareholder support sends a strong message to Tesla management of investor concern and will be conducive to ongoing investor engagement. See further detail on page 13.

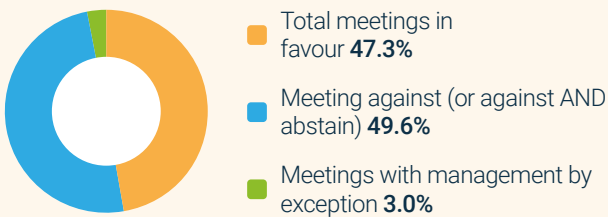
### J Sainsbury plc

#### J SAINSBURY PLC

With respect to our stewardship theme of **human rights**, we supported a shareholder proposal at Sainsbury’s AGM on 7 July. The proposal was on Living Wage accreditation, which included paying the real living wage to indirect workers. Sainsbury’s has already been proactive in paying the minimum wages. However, the company has made no commitment that pay will continue to increase in line with the cost of living in future years; hence we would like the company to set an industry example in being Living Wage accredited. The proposal received 16.7% support, and was backed by institutions including LGIM, Fidelity International, and HSBC Asset Management. See further detail on page 13.

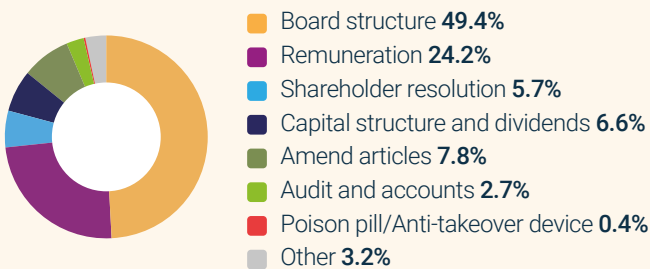
#### GLOBAL VOTING

We voted at **395** meetings (**4,168** resolutions) over the last quarter.



#### GLOBAL VOTING

We voted against or abstained on **561** resolutions over the last quarter.



#### ENGAGEMENT ACTIVITY DURING THE QUARTER



## 02 Engagement case studies



Below, we give more detailed examples of ongoing or new engagements which relate to the four Stewardship Themes that have been identified in collaboration with our Partner Funds.

Our Stewardship Themes are:

- Climate change
- Plastic
- Fair tax payment and tax transparency
- Human rights risks

This quarter our engagement set<sup>1</sup> comprised 313 companies. There was engagement activity on 831 engagement issues and objectives<sup>2</sup>. Against 387 specific objectives, there was achievement of some or all on 225 occasions. Most engagements were conducted through letter issuance or remote company meetings, where we, our partners or our stewardship provider in a majority of cases met or wrote to the Chair, a board member or a member of senior management.

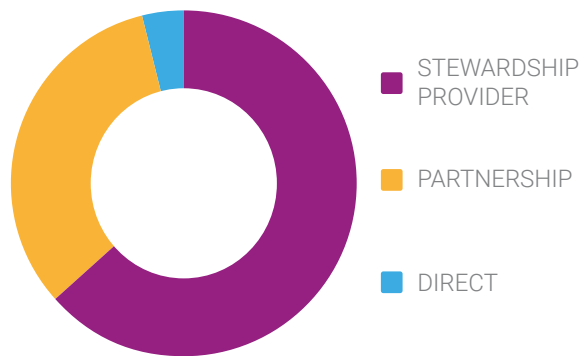
<sup>1</sup> This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider.

<sup>2</sup> There can be more than one engagement issue per company, for example board diversity and climate change.

## CLIMATE CHANGE ENGAGEMENTS

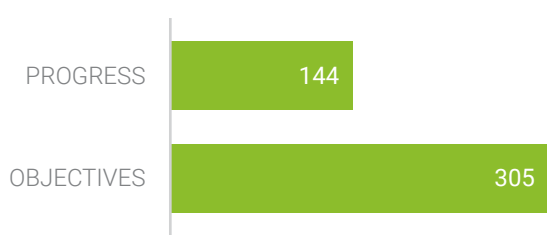
This quarter, our climate change engagement set comprised 191 companies with 310 engagement issues and objectives<sup>3</sup>. There was progress on 144 specific engagement objectives against a total of 305 objectives.

### ENGAGEMENT VOLUME BY TYPE



- 310 engagements during the quarter
- Majority of engagements undertaken via CA100+
- Barclays brings forward the phase-out date for financing thermal coal power in the US

### ENGAGEMENT VOLUME BY OUTCOME



### BARCLAYS GROUP PLC

**Theme:** Climate Change

**Objective:** We expect companies to set clear, reasonable, and measurable climate action targets aligned with the Paris Agreement. We also compare those targets with the company's industry peers, as well as Paris-aligned sector pathways, and engage with the company in case of any major deviations.

**Engagement:** During the quarter, we sent a letter to Barclays explaining why we voted against their Climate Strategy, Targets and Progress 2022 report at the May 2022 AGM and subsequently engaged on the same alongside a group of other investors. The company has been open to shareholder engagement and has made efforts to establish a net zero pathway for its business. Barclays has started using the International Energy Agency's Net Zero by 2050 Roadmap for the Energy Sector (IEA NZE2050) analysis as a reference and has set specific 2030 sector emissions intensity targets for energy, power generation, cement, and steel. These are very welcome developments. However, the target ranges for emissions intensity for these sectors are not fully aligned with IEA's NZE analysis. Analysis has also shown that despite setting a robust net zero ambition, some of Barclays' restrictive policies are insufficient. For example, the bank does not exclude financing for oil sands production, making the bank an outlier among European peers.

**Outcome:** We appreciate Barclays' positive approach towards engagement. While the company initially set a 2035 timeline for phasing out financing of US thermal coal power generation, we greatly welcome their recent commitment to prepone this deadline from 2035 to 2030. This will take effect at the time of Barclays' year-end climate update and aligns with the company's approach in the UK and the EU. We will continue our engagement with the company on their climate transition efforts, including on targets to reduce absolute emission in the period to 2030.



<sup>3</sup> There can be more than one climate-related engagement issue and/or objective per company.



### **NEXTERA ENERGY, INC.**

**Theme:** Climate Change

**Objective:** We expect companies, across sectors, to present a climate transition plan with an explicit net zero by 2050 target to shareholders for advisory voting at three-year intervals, as a minimum. Net zero strategies should be expressed in absolute emissions, not emissions intensity only, and cover the full lifecycle of emissions, as well as establish short and medium-term targets that demonstrate how net zero by 2050 can be achieved.

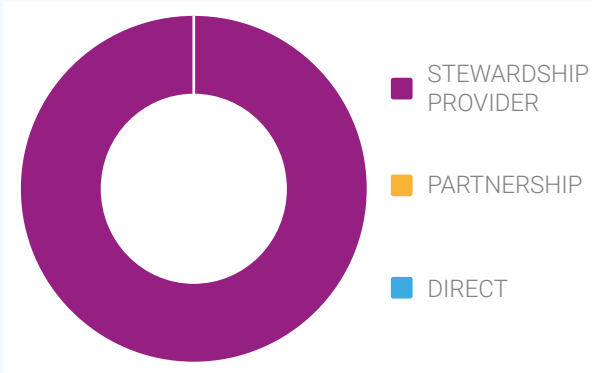
**Engagement:** As part of CA100+, we are engaging NextEra Energy (NEE) on their climate risk management and energy transition efforts. Considering our vote against the Chair at NEE's AGM in May, due amongst others to inadequate management of climate-related risks, it was very pleasing to see NEE announce a goal to achieve net zero by no later than 2045. This is presented in NEE's Real Zero plan which does not rely on offsets for Scope 1 and 2 emissions. CA100+ investors have expressed support for the plan, but we are seeking a meeting at board level to discuss gaps. Gaps include a clear pathway for absolute emission reductions, capex alignment with the Real Zero target and policy advocacy that directly supports the company's own net zero ambition.

**Outcome:** Lead investors for CA100+ held a meeting with the Company Secretary of NEE in August asking to discuss these gaps with the Lead Independent Director of the board. While NEE remains reluctant to allow dialogue with the board, CA100+ will continue pushing for this and a letter has gone out reiterating our request to discuss investor concerns directly with the board.

## PLASTIC ENGAGEMENTS

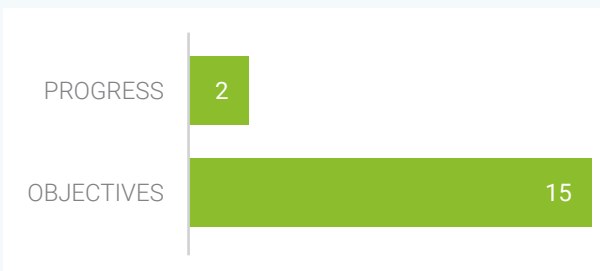
This quarter our plastic-related engagement set comprised 11 companies with 15 engagement issues and objectives<sup>4</sup>. There was progress on 2 specific engagement objectives against a total of 15 objectives.

### ENGAGEMENT VOLUME BY TYPE



- 15 engagements during the quarter
- Engagement with Ellen MacArthur Foundation (EMF) on companies' commitments to develop the circular economy by reusing, recycling and composting plastics

### ENGAGEMENT VOLUME BY OUTCOME



### PRI WORKING GROUP ON PLASTICS WITH ELLEN MACARTHUR FOUNDATION (EMF)

**Theme:** Plastic pollution

**Objective:** We seek to engage with companies that are directly or indirectly involved in plastic pollution or with companies that could contribute to the path of a circular economy. Apart from companies, we also engage with various working groups, and our stewardship provider, EOS at Federated Hermes participated in a Principles for Responsible Investment (PRI) working group on plastics with the Ellen MacArthur Foundation (EMF). The EMF is a charity that provides research and engages with companies, on matters related to creating a circular economy, in order to solve global challenges like climate change and biodiversity loss.

**Engagement:** The Global Commitment is an initiative led by the EMF in collaboration with the UN Environment Programme. This has united more than 500 organisations in a commitment to develop the circular economy by reusing, recycling and composting plastics. However, the progress to date towards eliminating plastic has been driven by recycling, with more effort needed in terms of redesign and reuse. The EMF explained that best practice in plastics reporting is to disclose the full scope of plastic packaging and the weight. From the investor side, we view it as critical that companies establish robust strategies to eliminate plastic. There are concerns around flexible packaging, a growing plastic type that is not easily recyclable and is a big source of ocean pollution. EOS asked the EMF if targets beyond the Global Commitment for 2025 had been developed and understood that it needs to do more work on this. EOS also asked about the impact of the forthcoming UN treaty on plastic pollution.

**Outcome:** The EMF has a positive outlook on this treaty because it analyses the lifecycle of plastics, and its legally binding aspect will have an impact. It was reassuring to hear that the use of virgin plastics has peaked for the companies that signed up to the Global Commitment. Investors will continue to expect clear strategies from companies on plastic, monitor plastic reporting, and push for companies to replace flexible packaging with more sustainable materials.



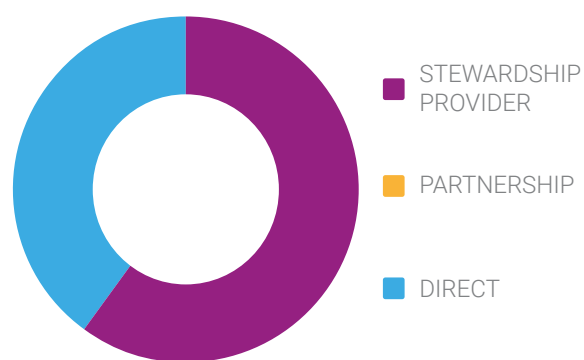
<sup>4</sup> There can be more than one plastic-related engagement issue and/or objective per company.



## FAIR TAX PAYMENT AND TAX TRANSPARENCY ENGAGEMENTS

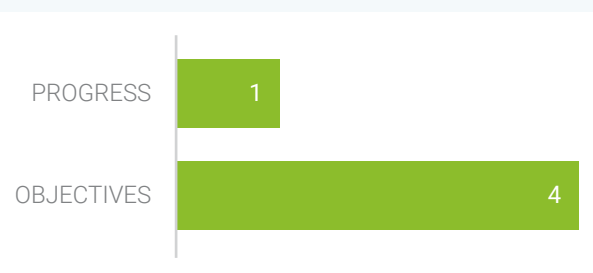
This quarter, our tax transparency engagement set comprised 5 companies with 5 engagement issues and objectives. There was progress on one specific engagement objective against a total of four objectives.

### ENGAGEMENT VOLUME BY TYPE



- 5 engagements during the quarter
- Constructive engagement with Experian on their inaugural tax report following
- Increased focus on the Global Reporting Initiative Tax Standard (GRI 207) in ongoing tax-transparency related engagements

### ENGAGEMENT VOLUME BY OUTCOME



### EXPERIAN LTD.

**Theme:** Responsible tax behaviour

**Objective:** We aim for positive interactions at senior levels of target companies encouraging robust tax governance and acknowledgement of lack of tax transparency as a business risk, along with commitments to strategies or targets to manage those risks.

**Engagement:** In Q2 2022, Experian published its first standalone tax report following engagement with LGPS Central and four other institutional investors over the last year. We provided feedback to Experian on the report during this quarter. We expect companies to disclose tax-relevant Country-by-Country-Reporting (CBCR), which would facilitate our analysis of their tax behaviour. The report should show jurisdiction-wise activities of a company and disclose how the activities correspond to tax paid. The underlying aim is to ensure that multinational enterprises are taxed where their economic activities take place, and value is created. We encouraged Experian to disclose a tax contribution report, including CBCR, which would enhance the company's practice of reporting. We suggested that they consider using the Global Reporting Initiative (GRI) Tax Standard 207, which provides guidance on approach to tax, tax governance/controls/risk management, stakeholder engagement and CBCR. We think that the company is well on its way to meet core elements of the standard, while there is further scope related to CBCR.

**Outcome:** We appreciate the company's effort in disclosing a tax contribution report. Experian has found our collective feedback constructive and has expressed its plans to take our feedback into account in their tax report next year.

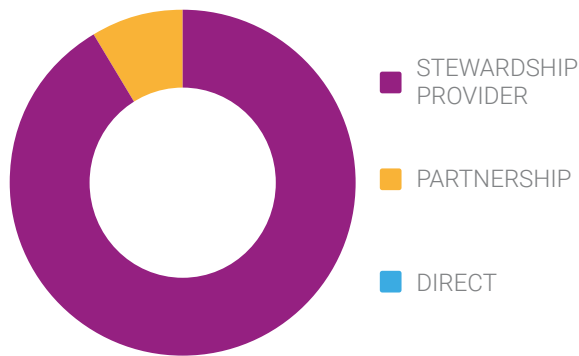


In its engagements on our behalf, EOS at Federated Hermes is also raising the same expectations when assessing company tax practices and disclosure and looks for tax transparency, including reporting under GRI's 207 tax criteria. During the quarter, EOS engaged with **Marathon Oil** and encouraged the company to publish the taxes it pays in Equatorial Guinea in line with the standards of the Extractive Industries Transparency Initiative (EITI). EOS urged the Danish healthcare company, **GN Store Nord**, to improve its tax reporting in 2021 and to provide a country-by-country reporting. We expect to see improvements in the company's disclosure in 2023.

## HUMAN RIGHTS

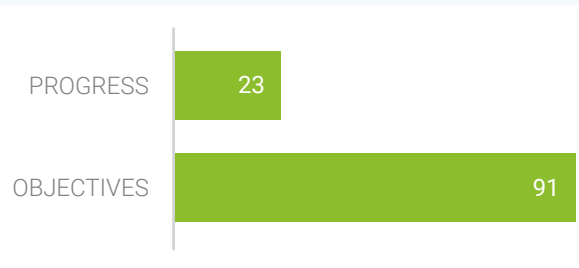
This quarter our human rights related engagements comprised 54 companies with 93 engagements issues and objectives. There was progress on 23 specific engagement objectives against a total of 91 objectives.

### ENGAGEMENT VOLUME BY TYPE



- 93 engagements during the quarter
- Meta publishes its first Human Rights Policy following engagement with investor group
- Engagement with ITV on modern slavery risk

### ENGAGEMENT VOLUME BY OUTCOME



### META PLATFORMS, INC.

**Theme:** Human rights

**Objective:** We ask companies to make adequate disclosures of their human rights policies, as well as to follow best practices to ensure that those policies are effectively implemented. For technology companies, we require that they manage a broad spectrum of human rights related risks including freedom of expression, data protection, content moderation and other industry-specific issues.

**Engagement:** During the quarter, LGPSC's stewardship provider EOS at Federated Hermes sent a letter to share feedback on the company's new human rights report and requested a follow-up meeting. The report provides some helpful information on policies and procedures, but we would like to see improvement in the user privacy rights. Following this interaction, EOS participated in a joint investor call in which investors asked about eliminating emotional bias from artificial intelligence. As the company's revenue is highly correlated with the amount of clicks, likes, and shares, we asked how its algorithms determine the dissemination of paid and labelled political content throughout its user base and address any related "echo chamber" effects. We encourage Meta to acknowledge tensions between freedom of expression and issues like hate speech, bullying, misinformation, as well as to enhance its child safety practices to also include protection from mental health, device addiction, and other emerging issues.

**Outcome:** We welcome the company taking actions to enhance disclosure on human rights, however, there could be more disclosure on whether its business model contributes to the spread of problematic content on its platforms. In EOS' view, the report falls short of the highest standard for user privacy rights. Meta acknowledges significant interest from investors on the human rights impacts of the metaverse, which LGPS Central has expressed directly to the company in a letter after the AGM in May. Meta has improved disclosure on children's rights, which we requested, but we still lack metrics and targets that show the effectiveness of its substantial efforts.





### ITV PLC

**Theme:** Modern Slavery

**Objective:** We engage with companies for which we would like to get in-depth understanding of their approach to modern slavery risks, including modern slavery governance, policies, and mitigation. This helps us assess the underlying modern slavery risks of companies as well as its suppliers.

**Engagement:** Alongside Rathbones Group Plc, we held a meeting with ITV discussing the company's management of modern slavery risks. ITV has shown strong practice in setting policies on modern slavery risks, and we wanted to get more disclosure of its framework, which would allow us to engage with other related companies on issues of modern slavery more effectively. We discussed ITV's corporate governance process and asked whether there are any plans to link modern slavery targets to executive pay. We also discussed the company's practices on whistleblowing, past whistleblowing instances due to modern slavery, training, and the company's collaboration efforts to tackle the issue. We also asked the company about its supply chain and oversight for its suppliers, including identification of high-risk suppliers and conducting unannounced audits.

**Outcome:** We appreciate ITV's commitment to mitigate modern slavery risk. The company is compliant with the Modern Slavery Act and has published its sixth Modern Slavery Act Transparency Statement. In terms of modern slavery risk governance, the company's General Counsel is the executive sponsor and heads the steering committee which meets on an ad-hoc basis. The new Chair is also the chair of another company, which is generally more exposed to modern slavery, bringing relevant experience for robust risk management. ITV also provides appropriate modern slavery training to staff. The company has disclosed a comprehensive procurement policy 2021, stating that the company conducts supplier-risk mapping, due diligence questionnaires and periodic assessments.

## 03 Voting



### POLICY

For UK listed companies, we vote our shares in accordance with a set of bespoke LGPSC UK Voting Principles. For other markets, we consider the recommendations and advice of our third-party proxy advisor, EOS at Federated Hermes.

### COMMENTARY

Between July – September 2022, we:

- Voted at 395 meetings (4,168 resolutions) globally
- Opposed one or more resolutions at 196 meetings
- Voted with management by exception at 12 meetings
- Supported management on all resolutions at the remaining 187 meetings.

A full overview of voting decisions for securities held in portfolios within the Company's Authorised Contractual Scheme (ACS) – broken down by market, issues and reflecting number of votes against and abstentions – can be found [here](#).

The voting season in developed Asia and global emerging markets saw renewed attempts to improve board diversity and independence – as well as some surprising and positive shareholder action in Japan and Brazil. We were pleased to see some companies performing well this year. The board of India's Tech Mahindra, for example, is now 60% independent and 40% female. Developments in shareholder activism in Brazil are positive signs that this could spread to other emerging markets.

Climate-related shareholder proposals were filed at three power utilities and two financial groups. In some markets, we now seek higher proportions of independent directors, such as 40% in Mexico. In Japan, we were pleased to see progress on gender diversity in companies such as Chubu Electric Power and retailer Seven & i.

However, there is still room for improvement on independence, diversity, and climate commitments. At a national level there has been progress on gender diversity requirements, but some backsliding in other areas. For example, the Indian regulator has revoked a requirement to separate the roles of CEO and chair, after pressure from major companies. Through voting and engagement, we will continue to scrutinise board effectiveness and vote accordingly. We have recently tightened expectations on independence and diversity in some markets, such as Brazil. We will now focus on enforcing these tighter expectations.

## EXAMPLES OF VOTING DECISIONS



**Company:** Reliance Industries Ltd.

**Theme:** Climate Change, Executive Remuneration

**Rationale:** We voted against management on the resolution to approve reappointment and remuneration of Mr Nikhil R. Meswani as a whole-time Director. As a member of the Governance committee, his role has been prominent in the company's climate action. However, the company's performance on climate change was below our expectations for the oil and gas sector, specifically in its failure to disclose Scope 3 emissions. Mr Meswani's remuneration structure has significant board discretion and the lack of a cap on the total level of pay is concerning given that the company has historically shown restraint in awarding executive pay.

We also voted against management on the resolution to elect Mr K. V. Chowdary as Director. This was due to Mr Chowdary's membership of the nomination committee as well as the board's below-than expected gender diversity. Currently, only two out of the twelve board members are female.

**Result:** Neither of the proposals met the required shareholder support to be passed. However, we continue to raise our concerns and engage with the company on climate change and governance themes.

## J Sainsbury plc

**Company:** J Sainsbury Plc

**Theme:** Human Rights (Living Wage Accreditation)

**Rationale:** We voted in favour of the shareholder resolution on Living Wage accreditation, against management recommendation. Fifty of the FTSE 100 companies are Living Wage accredited. Sainsbury's has already been proactive in paying the minimum wages; however, we would like the company to set an industry example in being Living Wage accredited, including paying the real living wage to indirect workers such as cleaners, security staff etc. Sainsbury's has made no commitment that pay will continue to increase in line with the cost of living in future years. Accrediting as a Living Wage employer would remove this uncertainty and enable the company to show its commitment towards staff and broader society while we are in an inflationary economic crisis. In terms of competitiveness and profitability, in the long-term, we think seeking Living Wage accreditation would help to create shareholder value due to increased employee loyalty and productivity, leading to decreased employee turnover. This would also contribute to the company's brand image.

**Result:** Even though the proposal received 16.7% support and failed to pass, it was supported by entities like LGIM, Fidelity International, and HSBC Asset Management.



**Company:** Tesla Inc.

**Theme:** Climate Change, Human Rights/Child Labour

**Rationale:** We voted in favour of the shareholder resolution to Report on Corporate Climate Lobbying in line with the Paris Agreement, against management recommendation. The company has set climate change related objectives and provides information on these matters in the Environmental Impact section of its 2021 Impact Report. Tesla states that information on its political and lobbying activities is available to shareholders through publicly available federal lobbying reports.

While there is currently no evidence of misalignment between Tesla's lobbying and the Paris Agreement objectives, additional disclosure on all parts of its advocacy (direct, indirect, and grassroots lobbying), would facilitate better management of climate opportunities and risks. Overall, this would enable shareholders to better evaluate Tesla's risk related to its policy and advocacy activities and whether these positively support the company's own climate objectives and aligns with the Paris Agreement.

We supported the resolution to Report on Eradicating Child labour in Battery Supply Chain. The Management did not support this resolution stating that it prohibits all forms of child labour by suppliers in its Supplier Code of Conduct. The proposal required the company to disclose risks regarding the company's policies and practices about battery materials in its supply chain with respect to child labour. The company, in its 2021 Impact Report, had reported its risk mitigation through its supply chain and found no evidence of child labour.

We believe that as Tesla already commits to have adequate policies in terms of child labour in its supply chain, the company could provide a detailed report on its risk management for the same. This additional disclosure would promote better management of ESG risks and opportunities while enhancing the company's human rights practices.

**Result:** Even though neither of the resolutions received the required number of votes to pass, both received notable shareholder support. The resolution on climate lobbying received 34.3% votes, which shows that shareholders would like to know in detail about the company's lobbying in line with the Paris Agreement. The resolution on child labour received 10.4% votes.



**Company:** General Mills

**Theme:** Plastic Pollution

**Rationale:** We supported a shareholder proposal on Absolute Plastic Packaging Use Reduction. The proposal required the company to report absolute reduction in its use of plastic packaging. In the company's 2022 Global Responsibility Report, it has set a 2030 goal for 100 percent of its packaging to be recyclable or reusable, and it reports that 89 percent of its packaging by weight currently meets this goal. It has also been invested in a flexible film recycling facility, expected to open in spring 2023.

However, the company is lagging its peers like Kellogg's and Mondelez International, which have established goals to reduce absolute plastic use and have joined the Ellen MacArthur New Plastics Economy Global Commitment. Multiple states in the US have started enacting legislation requiring companies to be responsible for post-consumer package waste handling and describes adopting minimum recycled content standards.

We believe that additional disclosure from General Mills as per the proposal would assist shareholders to assess the risk management with regards to its plastic packaging.

**Result:** This resolution passed with 56.5% votes which signifies the concerns of shareholders related to plastic packaging risks that the company faces. Apart from plastic pollution, our external stewardship provider EOS at Federated Hermes is engaging with the company for it to be deforestation-free by 2025.



**Company:** Ashtead Group plc

**Theme:** Executive pay

**Rationale:** We voted against two management proposals at the company's 2022 AGM. One was to approve the Remuneration report. The remuneration report as well as the remuneration policy resolutions received dissent of 36% in the company's 2021 AGM. Those proposals were attributed to the company's Strategic Plan award and a significant increment to the CFO's salary, as a part of target setting under bonus. The company did engage with shareholders after the 2021 AGM and did act on some issues, but no significant changes have been made to the remuneration arrangements, specifically with respect to the drastic increase in long-term incentive award levels and the one-off Strategic Plan award.

The other management proposal we voted against was the re-election of Ms Lucinda Riches, who also chairs the Remuneration committee. As the chair of the committee, Ms Riches is considered to be responsible for the inaction of the company on the shareholder dissent for the Remuneration policy resolution in 2021.

**Result:** Both the resolutions were passed, however, with 32.7% shareholder dissent for the Remuneration report proposal and 25.1% dissent for the proposal to re-elect Ms Lucinda Riches. We have raised our concerns and the company has committed to developing a more appropriate response for the next AGM.

LGPS CENTRAL LIMITED'S

# Partner Organisations

LGPS Central actively contributes to the following investor groups





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