Agenda Item No. 5 (c)

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

4 March 2020

Report of the Director of Finance & ICT

STEWARDSHIP REPORT

1 Purpose of the Report

To provide the Pensions & Investments Committee with an overview of the stewardship activity carried out by Derbyshire Pension Fund's (the Fund) external investment managers in the quarter ended 31 December 2019.

2 Information and Analysis

The Fund's directly held UK Equities were transitioned into an LGIM passive pooled product in November 2019. LGIM exercises the voting rights in respect of the equities held within its UK Equity Index Fund. In order to ensure that the Pensions & Investments Committee is aware of the engagement activity being carried out by LGIM and by LGPS Central Limited (the Fund's pooling company), copies of the following two reports are attached:

- Q4 2019 Legal & General Investment Management (LGIM) ESG Impact Report (Appendix 1)
- Q3 2019/20 LGPS Central Limited Quarterly Stewardship Report (Appendix 2).

LGIM currently manage around £1bn of assets on behalf of the Fund through passive products covering: UK Equities; Japanese Equities; and Emerging Market Equities. It is expected that LGPS Central Limited will manage a growing proportion of the Fund's assets going forward as part of the LGPS pooling project.

These two reports provide an overview of the investment managers' current key stewardship themes and voting and engagement activity over the last quarter. It is anticipated that stewardship reports from both managers will be presented to the Pensions & Investments Committee on a quarterly basis.

3 Other Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal and human rights, human resources, equality and diversity, health, environmental, transport, property and prevention of crime and disorder considerations.

4 Officer's Recommendation

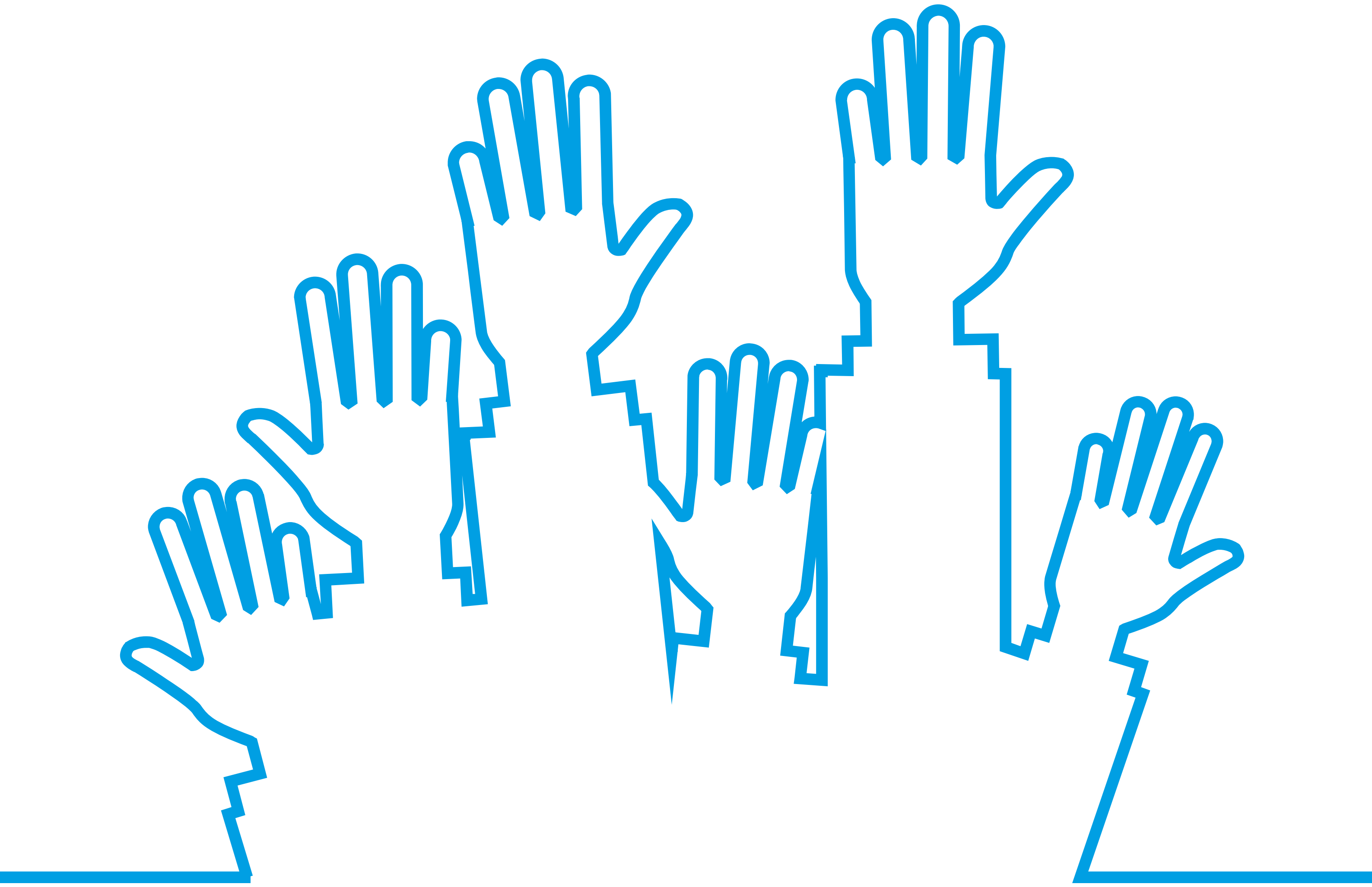
That Committee notes the stewardship activity of LGIM & LGPS Central Limited.

PETER HANDFORD

Director of Finance & ICT

Active ownership

Q4 2019 ESG Impact Report



Active ownership means using our scale and influence to bring about **real, positive change to create sustainable investor value**.

Legal & General
INVESTMENT MANAGEMENT

Our mission

To use our influence to ensure that:

Companies integrate **environmental, social and governance** (ESG) factors into their culture and everyday thinking.

&

Markets and regulators create an **environment** in which **good management** of ESG factors is valued and supported.

Our focus

1 Holding boards to account

To be successful, companies need to have people at the helm who are well equipped to create resilient long-term growth. By voting and engaging directly with companies, we encourage management to control risks and benefit from emerging opportunities.

We seek to protect and enhance our clients' assets by engaging with companies and holding management to account for their decisions. Voting is an important tool in this process, and one which we use extensively.

2 Creating sustainable value

We believe it is in the interest of all stakeholders for companies to build sustainable business models that are also beneficial to society. We work to prevent market behaviour that destroys long-term value creation.

At LGIM, we want to safeguard and grow our clients' assets by ensuring that companies are well positioned for sustainable growth. Our active and enhanced index mandates incorporate ESG factors in the investment process and we consider ESG factors when voting on our holdings in all strategies.

We engage directly and collaboratively with companies to highlight key challenges and opportunities, and to support strategies that can deliver long-term success.

3 Promoting market resilience

As a long-term investor for our clients, it is essential that markets are able to generate sustainable value. In doing so, companies should become more resilient to change and therefore benefit the whole market.

We use our scale and influence to ensure that issues impacting the value of our clients' investments are recognised and appropriately managed. This includes working with key decision-makers such as governments and regulators, and collaborating with asset owners to bring about positive change.

Action and impact

NAVIGATING THE ENERGY TRANSITION

The International Energy Agency (IEA) invited LGIM to its Paris headquarters to speak to representatives of the largest listed and national oil companies, senior academics and investors.

We presented the results of our recent research, warning the energy industry against complacency as it faces an existential challenge with climate policy implementation and the rise in electric vehicle use. We continue to engage with the IEA on the energy transition, including contributing to one of its upcoming reports in 2020.

We are also helping our clients navigate the energy transition, publishing a short **guide** to climate for UK government pension schemes[1]. Alongside this, we published blog posts explaining why regulators and investors are acting[2], **why large-scale divestment is not a climate panacea**[3], and **how to check if asset managers are engaging effectively**[4].


November 2019 Changing climate, changing investments? For Investment Professionals only

LGPS **INTELLIGENCE**

Changing climate, changing investments?

Amid the US China trade war and worries of a UK recession, recent months might not have been the best time for the dollar or sterling, but they were a remarkable period for Celsius, with the hottest July and September in recorded history.[1]

James Sparshott is Head of Local Authorities within distribution, where he is responsible for managing and developing relationships with LGIM's LGPS clients.

Iancu Daramus is a sustainability analyst supporting LGIM in the development of low-carbon investments.

Galvanised by Greta Thunberg and the Extinction Rebellion movement, six million protesters took to the streets around the world in late September, with an estimated 100,000 in London alone,[2] calling for climate action. For its part, the UK government has passed landmark legislation targeting net zero greenhouse gas emissions by 2050, and over half of local councils have now declared a climate emergency.[3]

As Bank of England Governor Mark Carney warns that companies which fail to adapt to the low-carbon economy 'will fail to exist',[4] regulators are also sounding the alarm. In 2018, the Department of Work and Pensions (DWP) asked pension fund trustees to report on how they are managing material financial risks, including those from climate change.[5] In July this year, all financial regulators issued a joint statement saying they will be closely watching firms' approaches to climate change.[6]

But there are also grounds for hope, as 'clean tech' continues its remarkable progress: wind and solar are the cheapest source of new power in more than two thirds of countries globally.[7] In the UK, renewables have for the first time produced more electricity than fossil fuels.[8]

Faced with public and regulatory pressure, changing market dynamics, as well as the changing climate, how can the Local Government Pension Scheme (LGPS) respond?

DIVESTED INTERESTS

One radical suggestion put forward by activist campaigners calls for full divestment from fossil fuels by LGPS funds. But a single, simple cause and effect – that reliance on fossil fuels is driving a dangerous rise in global emissions – does not mean that a simple solution is at hand.

1 https://eu.usatoday.com/story/news/nation/2019/10/04/global-warming-september-2019-hottest-record/3865898002/
2 https://www.theguardian.com/environment/2019/sep/27/climate-crisis-6-million-people-join-latest-wave-of-worldwide-protests
3 https://www.localgov.co.uk/Over-half-of-councils-declare-%E2%80%98climate-emergency%E2%80%99/47899
4 https://www.cityam.com/businesses-must-tackle-climate-change-fail-exist-bank/
5 See our 'ESG checklist' for trustees for more details: https://www.lgim.com/uk/en/insights/our-thinking/client-solutions/material-change-a-five-step-esg-checklist-for-trustees.html
6 https://www.bankofengland.co.uk/prudential-regulation/publication/2019/joint-statement-on-climate-change
7 https://about.bnef.com › new-energy-outlook
8 https://www.theguardian.com/business/2019/oct/14/renewable-electricity-overtakes-fossil-fuels-in-uk-for-first-time

Legal & General INVESTMENT MANAGEMENT

EMPLOYEE-RELATED ENGAGEMENTS

We have been a supporter of the **Workforce Disclosure Initiative** since its inception in 2017. We believe greater transparency can lead to improvements in the adoption of better workplace culture and inclusion. We also **wrote to eight companies** to encourage them to provide **greater disclosure regarding labour practices.**

We publicly **supported the Living Wage Foundation's efforts** and have assisted the foundation by **co-signing a letter** to a number of UK companies calling on them to pay a living wage and to become accredited.

RECOGNITION FOR LEADING ENGAGEMENT

We have recently been described by The Guardian as "one of the most outspoken fund managers over the climate crisis"[5], and our pragmatic approach to engaging on climate change continued to receive external recognition. Independent think tank InfluenceMap reviewed the 15 largest asset managers and found LGIM to be "leading in robust engagement with companies"[6], further backed by support of climate shareholder proposals.

LGIM is the only fund manager in the top 15 to receive an A+ score for our climate engagement and voting.

> "Legal and General exhibited best practice [...] through its Climate Impact Pledge"
>
> - InfluenceMap

The same view was echoed in the Financial Times (FT), which noted that our stance on climate "is much tougher than across the rest of the industry"[7].

1. https://www.lgim.com/files/_document-library/knowledge/thought-leadership-content/lgps-intelligence/lgps-intelligence-nov-2019-final.pdf
2. https://futureworldblog.lgim.com/categories/themes/changing-climate-changing-investments/
3. https://futureworldblog.lgim.com/categories/themes/using-a-sledgehammer-to-crack-a-nut/
4. https://futureworldblog.lgim.com/categories/themes/three-steps-for-gauging-your-asset-manager-s-corporate-engagement/
5. The Guardian, 22 Nov 2019
6. InfluenceMap – Asset Managers and Climate Change (2019), available at: https://influencemap.org/report/FinanceMap-Launch-Report-f80b653f6a631cec947a07e44ae4a4a7
7 Financial Times, *Big investors turn screw over climate pollution disclosure,* 12 Dec 2019

HOW ASSET MANAGERS SCORE ON CLIMATE ENGAGEMENT & RESOLUTIONS

Addressing environmental, social and governance issues (ESG) issues is in the financial interest of companies and of our clients. Therefore, our engagements are not driven by any particular ethical agenda. That is why our efforts have support from the top of LGIM: in an op-ed for the FT, Michelle Scrimgeour, our Chief Executive, noted that "the success of companies over the long term is inseparable from the sustainability of the societies in which they operate", issuing a rallying cry to investors for more forceful engagement and collaboration[8].

But we recognise the long road ahead. The latest blog from Sacha Sadan, our Director of Corporate Governance, explains that **"asset managers can do more – and not just on climate change"**[9]

STAKEHOLDER EVENT IN LONDON

We held our third annual stakeholder roundtable at our London offices. Following from past years' events, we implemented many of the suggestions put forward by participants, including providing reasons behind our votes against, applying our minimum standards globally and also proposing and supporting shareholder resolutions.

This year, our clients, representatives from investor engagement groups and other stakeholders from across the industry provided feedback on five key themes we are planning to work on in the future: accountability of directors, audit, income inequality, privacy and security and health. We shall continue to take into account these comments and suggestions for action when framing our engagements.

NEW JOINERS

Our corporate governance team expanded this quarter with two new recruits:

- Aina Fukuda, ESG Manager, has joined our Japan office, strengthening our international ESG capabilities. She has responsibility for Japan stewardship and sustainable investments.

- Maria Zhivitskaya, Sustainability and Responsible Investment Manager, has joined our London office during Catherine Ogden's maternity leave.

8 Financial Times, *Index investors should not be passive owners when it comes to ESG*, 12 Dec 201
9. https://futureworldblog.lgim.com/categories/themes/asset-managers-must-do-more-and-not-just-on-climate-change/

Engagement on social and governance scores

Following the development of LGIM's proprietary ESG score, we have launched our first engagement campaign to push some of the world's biggest companies to improve their social and governance practices.

We recognise that ESG factors could play an increasingly important role in determining the performance of certain assets. As a result, we developed the LGIM ESG score, a proprietary and rules-based approach to scoring many of the companies we invest in on the basis of their ESG profile. The LGIM ESG score combines an environmental score, a social score and a governance score, with adjustments made for a company's overall levels of transparency with regards to ESG issues.

The LGIM ESG score has principally been created and is used for the following purposes:

1. To improve market standards globally and monitor ESG developments of our entire investment universe using quantitative measures;
2. To incentivise companies to improve their ESG profile through a transparent methodology;
3. To create investment solutions for our clients.

Focused on assessing companies' performance against common market-wide ESG issues and themes which can potentially affect long-term returns, the LGIM ESG scores utilises a total of **28 key ESG data points.**

For example, a company may receive a low social score because women account for less than 30% of its employee base. This score would be made using data provided by market leading provider Refinitiv.

All companies are assessed using the same indicators. We acknowledge a given issue might not be as important to every company's short-term bottom line, however, it can have an enormous impact on the market as a whole if not addressed. This focus on the overall market health differentiates our ESG scores from others in the market.

SOCIAL AND GOVERNANCE DATA POINTS:

Refinitiv	Women on the board	Social diversity	=	LGIM S
Refinitiv	Women at the executive level			
Refinitiv	Women in management			
Refinitiv	Women in the workforce			
Sustainalytics	Bribery and corruption policy	Human capital		
Sustainalytics	Freedom of association policy			
Sustainalytics	Discrimination policy			
Sustainalytics	Supply chain policy			
Sustainalytics	Employee incidents			
Sustainalytics	Business ethics incidents			
Sustainalytics	Social supply chain incidents			
Refinitiv	Free Float	Investor rights	=	LGIM G
Refinitiv	Equal voting rights			
Refinitiv	Independent chair	Board Composition		
Refinitiv	Independent directors on the board			
Refinitiv	Board tenure			
Refinitiv	Non-audit fees paid to auditors	Audit		
Refinitiv	Audit committee expertise			
Refinitiv	Audit opinion			

The overall company scores are made public on our **website**[1] and are updated biannually. We believe this will contribute to incentivise companies to improve their ESG profile.

LGIM'S GLOBAL ESG SCORE

September 2019

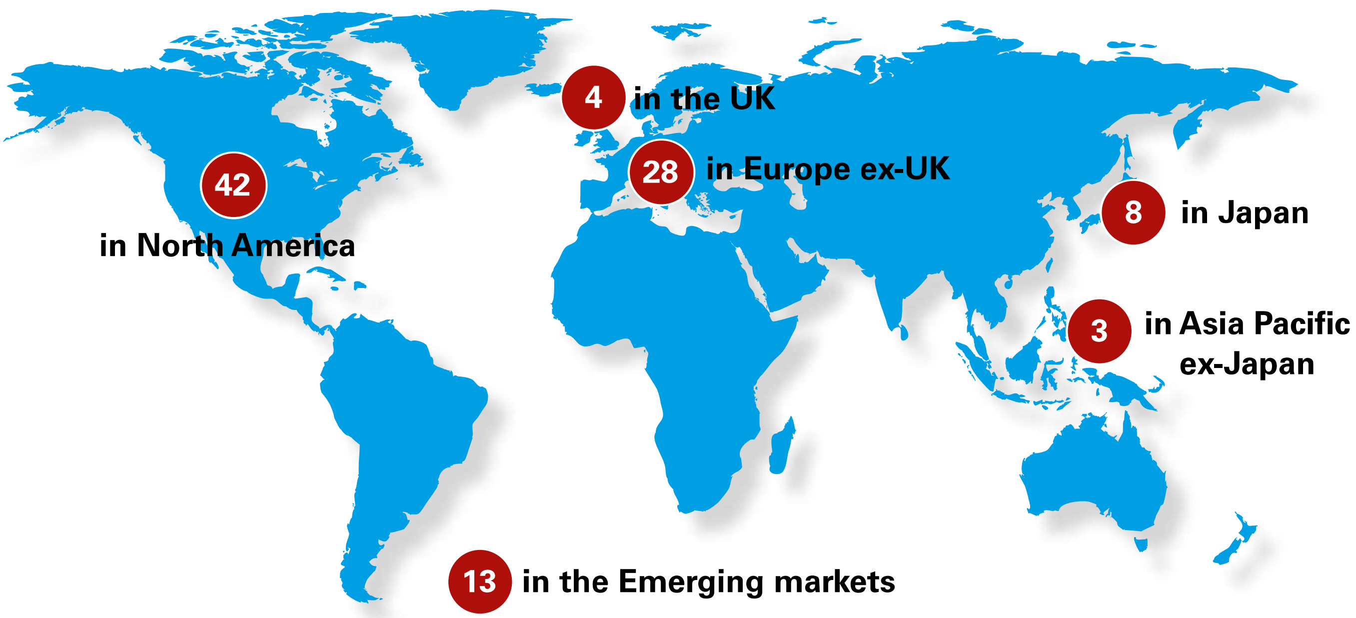
COMPANY NAME	LGIM ESG SCORE
1&1 DRILLISCH AG	32
360 SECURITY TECHNOLOGY IN-A	19
3I GROUP PLC	74
3M CO	43
3SBIO INC	44
51JOB INC-ADR	37
58.COM INC-ADR	34
A2 MILK CO LTD	46
AAC TECHNOLOGIES HOLDINGS IN	38

As a long-term and active investor, we are extensively engaging with the world's biggest companies on climate change and the below 2°C transition through our Climate Impact Pledge engagement, using third party provider data and a (qualitative) engagement overlay.

Under this campaign, we have focused our current engagement efforts on the biggest companies we are invested in through our equity and fixed income offerings, which also have the lowest LGIM social and/or governance score(s). This resulted in a target list of 98 companies across many regions. In the past, the lack of reliable data meant our approach in these engagement areas was largely qualitative in nature. **The creation of the LGIM ESG scores enables us to use reliable, available and consistent data on key social and governance issues.**

We sent a letter to the board chair of each of these companies. Many companies have already contacted us to better understand how to improve their score(s).

Target list of companies:



1. https://www.lgim.com/uk/en/capabilities/corporate-governance/gender-diversity-scores/

Diversity campaigns

UK GENDER DIVERSITY SCORES

We place significant emphasis on companies' board and leadership team composition. This is to ensure they are equipped to deliver in the future for the benefit of our clients. We believe that groups with a diverse set of views and perspectives can deliver better decisions. Therefore, since 2011 we have been engaging with UK companies on the benefits of having gender diverse boards and leadership teams.

Our commitment to this issue culminated in the development of **LGIM's gender diversity score** in 2018, to analyse the largest UK companies on their gender diversity throughout the organisation. These scores are also a data source for our index fund, the L&G Future World Gender in Leadership UK Index Fund. It gives greater weight to companies that have higher gender diversity scores and less weight to companies that have lower scores. The scores are an input into the index which is tracked by the fund.

When we launched these scores, **we wrote to the companies in the bottom 10%** from a gender diversity perspective. The objective was to help these companies understand our expectations and incentivise them to improve their approach to gender diversity. The scores are updated every six months and are published on our **website**[1] to provide full transparency. Our aim is to encourage companies to disclose clearly in their annual reports a breakdown of their gender diversity beyond board level to include their executive committee, management level and across their workforce. By not disclosing this information alongside their diversity policies, we may be underestimating their current progress; therefore we are encouraging better transparency.

We renewed our engagement this quarter by sending letters to 30 laggard companies. Given the importance of these gender diversity scores, we commit to **writing to the laggards annually** to push further the diversity agenda. We will also track the progress in their scores over time. We have already seen progress, as **between April 2018 and April 2019, 50% of companies we wrote to have improved their score by three points or more.**

EUROPE GENDER DIVERSITY CAMPAIGN

Globally our aspiration is to have a minimum of 30% women representation on boards and executive committees. Whilst we recognise that some European countries have quotas in place for board level representation, we are consistently pushing for a minimum threshold of 25% women on the board in these markets from 2020, and we will look to strengthen this in the coming years.

As part of these efforts, **we wrote to 20 of the largest European companies that have poor gender balance at board level.** Our letter set out the importance we place on gender balance within companies at all levels, and that we expect companies to have a minimum of 30% women as an aspirational target for all seniority levels. We also stressed the importance of clearly disclosing the gender split of the board, executives, management and the workforce, and ensuring that this data is publically available.

We shall continue to assess the progress of the companies we engaged with and to push for improvement.

1. https://www.lgim.com/uk/en/capabilities/corporate-governance/gender-diversity-scores/

Climate Impact Pledge: third engagement cycle underway

We conducted our annual review of the frameworks we use to assess companies' strategy on climate change. This is an effective way of understanding how their businesses are adapting to the risks and opportunities presented by a low-carbon transition. Our reviews ensure that our analysis accurately reflects evolving sector best practice across industries, and that our ambitions are escalated in response to the financial threat of accelerating climate change.

We are explicitly asking companies to make changes to their 'business as usual' by adapting to the constraints of a low-carbon transition and ensure that they are well-positioned to meet the objectives of the Paris Agreement of limiting temperature rise to well-below 2°C. Some of the key topics which we are discussing across the targeted sectors are highlighted below:

- **Food –** is the company setting targets to transition portfolios towards less emissions-intensive products? Is it engaging with its supply chain to improve soil health, eliminate deforestation and reduce agricultural emissions?

- **Oil & gas and mining –** is the company disclosing what percentage of its assets that would be viable if the world's energy consumption transitions in line with a 2°C scenario?

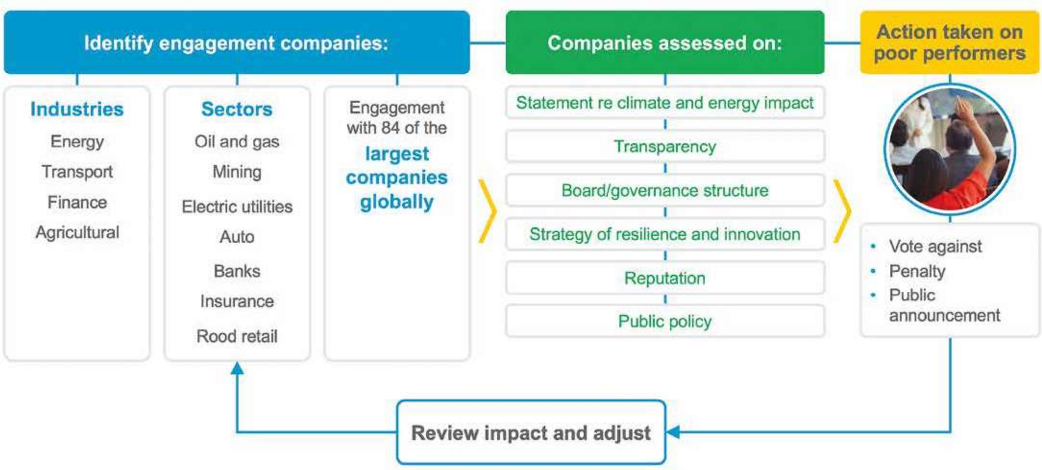
- **Financials –** is the company setting targets to reduce the emissions associated with its financing activities in line with a trajectory to keep temperature rise well-below 2°C?

- **Autos and electric utilities –** is the company setting targets to reduce the greenhouse gas emissions from its vehicle fleet or electricity generation line with a well-below 2°C trajectory?

RESULTS OF ENGAGEMENT

Following the methodology review, we began the third yearly cycle of Climate Impact Pledge engagements in September. To date, we have sent **almost 60 letters** to some of the world's largest companies, highlighting the areas related to climate change where we want them to improve or go further. The team has held **around 50 meetings** with companies to date, and since then we have seen some significant progress.

For example, Hong Kong-based electric utility **CLP** announced in December that it will not invest in any additional coal-fired generation capacity and will phase out its existing coal-plants by 2050. Additionally, **Commonwealth Bank of Australia** announced earlier this year that it will only finance new oil & gas projects if they are demonstrated to be compatible with the goals of the Paris Agreement.



Engagements in Europe

A summary of the corporate governance team's engagements in the European (ex-UK) market this quarter.

ITALY

We participated in a conference on ESG in Rome and also met with four companies with headquarters in the city:

- With **Poste Italiane** we discussed strategy, including its extensive national coverage as well its relationship/ competition with Amazon. We also engaged on Poste Italiane's sustainability programme and its digital educational initiative for older customers.
- With **Eni** we discussed its remuneration structure and stressed the importance of transparency.
- With **Enel** we discussed its diversity programme. Enel's board is 33% female and is led by a woman. The company has a public target for shortlisting in recruitment and we encouraged it to go further and have public targets in general. Enel works with universities and high schools to increase the pool of female recruits.
- We also discussed diversity with **Terna** where the level of gender diversity on the board is at a high 44% but below the board level the numbers drop significantly. We encouraged the company to widen its recruitment pool.

SWITZERLAND

We participated in the Swiss Corporate Governance Dialog conference in Zurich where investors and corporates gathered to discuss the state of corporate governance in Switzerland. This was also an opportunity to have a direct and open discussion with board members and high-level representatives of many Swiss companies.

Diversity on the board but also at various seniority levels was a key topic of our discussions with Swiss companies. A revision of the Swiss corporate law could soon see the introduction of a rule to have 30% of positions on the board of directors and 20% of positions on executive boards to be held by women.

Industrials company **Kardex** does not have a woman on its board and presented the challenges it faces in recruiting talented women on its board. This contrasted with construction company **Implenia** which, despite operating in a sector with generally lower rates of female participation, managed to achieve 29% diversity at board level and 22% at executive committee level.

We also noted that Swiss boards could benefit from a better understanding of the role of **board effectiveness reviews**, especially given their importance[1] for boards and investors. Only 8% of Swiss Market Index (SMI) companies underwent an externally facilitated board review in 2018 and two—thirds of SMI Mid companies did not refer to board assessment practices in their annual report.[2] We asked the board of financial services company **Baloise Holdings** to consider undertaking external board effectiveness reviews. This allows for an independent assessment of the board to be made by a fresh pair of eyes with experience in assessing many other boards.

1. https://www.lgim.com/uk/en/capabilities/corporate-governance/influencing-the-debate/
2. Source: 2018 Switzerland, Spencer Stuart Board Index

Case study

Case study:
Novartis

Market cap:
£176 billion

Sector:
Pharmaceuticals

Country:
Switzerland

What is the issue? Novartis received approval from the US Food and Drug Administration (FDA) for a drug called Zolgensma, which was developed by its subsidiary, AveXis, in May 2019. The drug is approved for children up to two years of age suffering from the deadly muscle wasting disease spinal muscular atrophy. It is to date the world's most expensive drug (USD 2.1 million).

In mid-March of 2019, Novartis via AveXis, was alerted to allegations of data manipulation in a subset of data. An internal investigation was undertaken. Novartis did not alert the FDA of its initial findings until the end of June. The FDA conducted on-site inspections in July/August, following which it issued a so-called 483 form[3] which outlined concerns over the timing of self-disclosure to the FDA. It is to be noted that the FDA has continued to support the use of the drug.

Why is it an issue? We are concerned that Novartis did not consider it necessary to immediately alert the FDA when it discovered the internal data manipulation. We believe this sends the wrong message from the very top to the rest of the organisation, especially in light of the chief executive's commitment that Novartis must hold itself to the "highest ethical standards and always aim to win and maintain the trust of society and [its] many stakeholders".

What did LGIM do? Soon after the publication of the FDA letter, we met with Novartis together with our Active Equities team.

We clearly communicated our disappointment that the company had not immediately contacted the FDA. We also shared our concerns that this showed poor judgement from management and sent the wrong signals throughout the organisation.

We recently followed this up with another meeting, and shared our expectation for this issue to be reflected in executive pay.

What was the outcome? The company has publicly committed to the FDA that it will, going forward, notify the authority within five business days after receipt of "any credible allegation" related to data integrity during a filing.

We will monitor the publication of Novartis' annual report and will analyse the remuneration report and pay awards granted for financial year 2019 and take into account any actions taken in this regard when voting at the 2020 annual general meeting.

3. An FDA Form 483 is issued to firm management at the conclusion of an inspection when an investigator(s) has observed any conditions that inits judgment may constitute violations of the Food Drug and Cosmetic (FD&C) Act and related Acts.

Public policy update

Over the past quarter we have been actively engaged, and closely following, a wide variety of policy and regulatory developments around the world. The corporate governance team has a new dedicated ESG Public Policy Analyst, Alexander Burr, who joined our London office in September.

UNITED KINGDOM

New and improved UK Stewardship Code:

In October, the much-anticipated revised UK Stewardship Code was officially released[1]. The new code is the culmination of over two years of consultation from the UK's Financial Reporting Council (FRC) and comes into effect this year. We sought fundamental reform to the Stewardship Code in four key areas:

- what the code covers;
- how signatories disclose against it;
- assurance of reporting; and
- enforcement or oversight mechanism.

We were delighted that three of our four key asks have been embedded into the revised 2020 Stewardship Code. With respect to the content of the code, this has been importantly **extended to all global asset classes and funds that we manage.** This increases the code's relevance to our clients and provides that stewardship ought to be embedded within the signatories' investment culture, rather than selectively applied to certain regions, funds or investment styles.

The **disclosure requirements of signatories** for the 2020 Stewardship Code have been transformed. Instead of a tick box compliance process, Stewardship Code signatories will have to **evidence** how the code is applied through a public annual Outcome and Activities report. The reporting requirements are detailed, and we believe ought to provide the right level of information to assist stakeholders in assessing the quality of stewardship being undertaken.

Finally, the FRC will be **assessing compliance** with the code and its reporting against its own assessment framework. Potential signatories will be refused if reporting expectations are not met. This provides an important mechanism to ensure stewardship activities are undertaken by signatories.

We will continue to work with the FRC to develop an assessment framework that is sufficiently robust. From 2020 you should also expect to see expanded reporting of our stewardship activities across asset classes to better reflect best practice as set out in the code.

Audit:

In December the FRC announced new rules that would **prohibit audit firms from providing almost any non-audit activity for their audit clients**, including the provision of recruitment and remuneration services. In recent years we have strengthened our voting policy on the provision of non-audit work having received feedback from clients in previous year's stakeholder events. We have also highlighted the risk of the provision of non-audit work to auditors independence in various consultations on the audit sector in the last two years, including the Competitions & Market Authority. We are pleased the FRC has acted so strongly to address this conflict.

Sustainable Development Goals (SDGs):

We provided input for a consultation on a proposal to establish a framework for recommended SDGs disclosures. This was produced by chartered accountant groups in the UK, Australia and New Zealand.

We fully support the objectives set out by the SDGs and recognise that reporting against the SDGs can be a challenging task for organisations. We are therefore greatly supportive of efforts to develop a framework that helps organisations to report transparently and consistently against their SDG contributions.

1. https://www.frc.org.uk/investors/uk-stewardship-code

UNITED STATES

In the US we have been working together with Legal & General Investment Management America (LGIMA) to engage with the Securities Exchange Commission (SEC) on several important points.

In October we, alongside 28 global institutional investors (part of the 'Human Capital Management Coalition') wrote[2] to the SEC with regards to the modernisation of regulation on human capital disclosures. It is our view that a combination of rules-based disclosures and more open-ended principles-based disclosures is necessary to accurately assess how companies are managing their human capital.

Over the past months we have also been working with LGIMA as well as The Council of Institutional **Investors**[3] (CII) and the **UN PRI**[4] to voice **concerns**[5] on two proposals on proxy voting advice. The SEC's proposed rules on shareholder proposals and proxy advisers would introduce a major impediment to ESG integration, which has traditionally depended on dedicated investors engaging with management and access to unbiased and efficient proxy voting advice. If adopted, these would be the most significant changes to the voting rights of shareholders in decades and in our view would severely jeopardise the interests of individual and institutional investors.

EUROPEAN UNION

At a European Union level, we have continued to closely follow the important and in-depth technical work outlined in the Commission's **action plan** on sustainable finance. Specific areas of interest for us over the past few months have been the finalisation of:

1) the **EU Taxonomy**, a clear and detailed EU classification system for sustainable activities. It creates a common language for all actors in the financial system and aims to stop 'greenwashing';

2) **Climate Change Benchmark regulation**; and

3) **Sustainable-related disclosure regulation.** The benchmark and disclosure regulations have now been finalised and the taxonomy is going through the final stages of political approval.

We are delighted to see that tackling climate and environmental-related challenges continues to be at the top of the political agenda for the EU. This has been highlighted by the European Commission's recent paper on the **European Green Deal** – an ambitious strategy that aims to transform the EU into a net-zero emissions economy by 2050, where economic growth is decoupled from resource use.

At the United Nations' climate change conference, we, as part of the Institutional Investors Group on Climate Change (IIGCC), showed our strong support for the establishment of a **2050 net-zero emissions target for the EU** in an open letter to EU leaders.

2. https://www.sec.gov/comments/s7-11-19/s71119.htm
3. https://www.cii.org/correspondence
4. https://www.unpri.org/sustainable-markets/briefings-and-consultations
5. https://www.sec.gov/comments/4-725/4-725.htm

Public policy update (cont.)

GERMANY

As a major long-term investor in German equity and bonds, we have engaged with the German government and Parliament on the transposition of the **EU Shareholder Rights Directive II**, aimed at strengthening shareholder rights, into German law. Two focus areas for us have been:

1) **Remuneration of the management board** – we expressed our strong preference for the government's proposal to introduce a binding shareholder vote on the remuneration policy. We believe this would strengthen Germany's corporate governance system and align it with other European member states, reinforce the protection of its minority shareholders and ultimately improve market standards. The German Parliament adopted the final piece of legislation in November, with an advisory vote for both the remuneration policy and report. Whilst this is not our preferred approach, we welcome the introduction of the say-on-pay system in Germany, which was only optional until this point.

2) Related party transactions - we encouraged the government to review the proposed threshold for disclosure and approval of related party transactions that was set out in the draft law. We asked for a more stringent threshold to be set to allow for a greater amount of related party transactions to be put under the scrutiny of minority shareholders. We believed this would better ensure their protection, mitigate the risk of a related party taking advantage of its position and help the market cost of capital. A more stringent threshold of 1.5% of assets was put in place by the law adopted in November.

JAPAN

We have closely followed the **Amendment to the Foreign Exchange and Foreign Trade Act.** The amendment requires foreign investors to file a 'pre-acquisition notification' to the government if they intend to acquire 1% or more of a listed company in a restricted sector. It also requires foreign investors intending to influence management on a range of governance or business issues to file a pre-notification of their intentions. We have been supportive of the efforts of the Asian Corporate Governance Association (ACGA) and the International Corporate Governance Network (ICGN) to seek clarification from the Japanese government on whether this applies to asset managers and have also met with the Japanese Financial Services Agency in this regard. For now, it would appear asset managers are exempt.

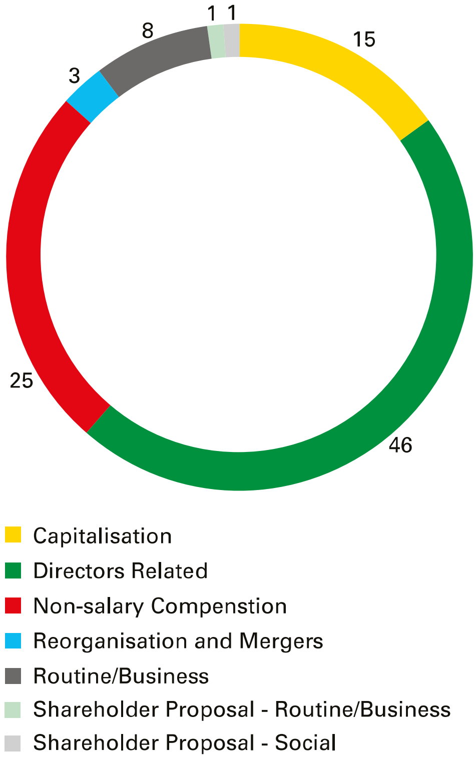
Regional updates

UK

Q4 2019 VOTING SUMMARY UK

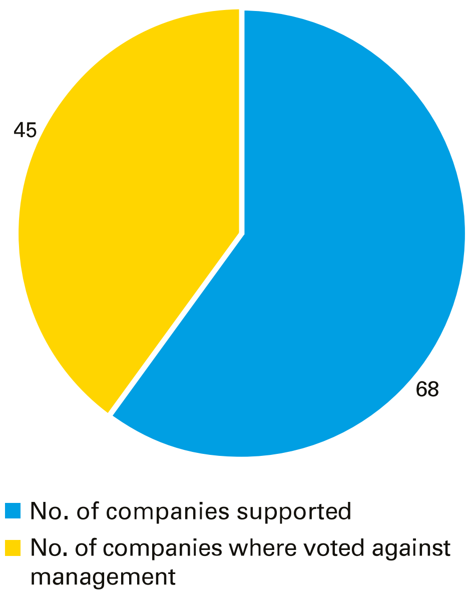
Proposal category	UK		
	For	Against	Abstain
Anti-takeover Related	46		
Capitalisation	252	15	
Directors Related	439	46	
Non-salary Compensation	95	25	
Reorganisation and Mergers	28	3	
Routine/Business	339	8	
Shareholder Proposal - Compensation			
Shareholder Proposal - Corporate Governance			
Shareholder Proposal - Directors Related			
Shareholder Proposal - General Economic Issues			
Shareholder Proposal - Health/Environment			
Shareholder Proposal - Other/Miscellaneous			
Shareholder Proposal - Routine/Business		1	
Shareholder Proposal - Social/Human Rights			
Shareholder Proposal - Social		1	
Total	1199	99	
Total resolutions	1298		
No. AGMs	78		
No. EGMs	43		
No. of companies voted	113		
No. of companies where voted against management on at least one resolution	45		
% no. of companies where at least one vote against	40%		

Votes against management



‘LGIM voted against at least one resolution at 40% of UK companies over the quarter.’

Number of companies voted for/against



Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

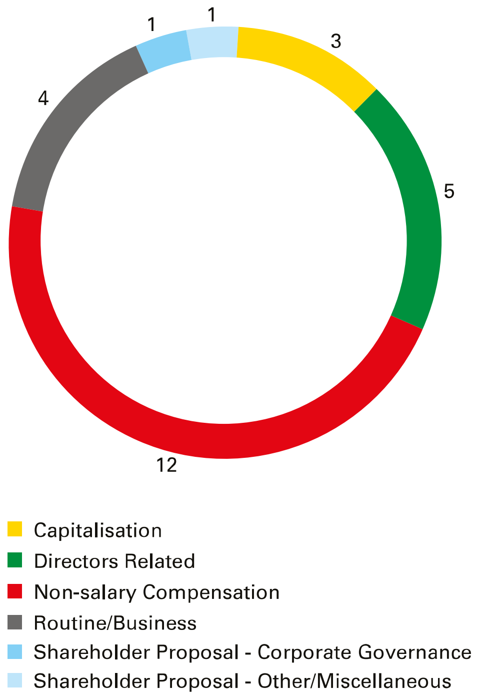
Regional updates

Europe

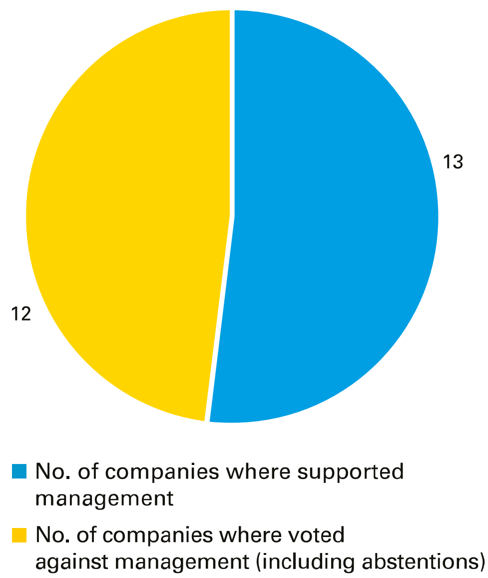
Q4 2019 VOTING SUMMARY EUROPE

Proposal category	EUROPE		
	For	Against	Abstain
Anti-takeover Related			
Capitalisation	37	3	
Directors related	55	3	2
Non-salary Compensation	19	12	
Reorganisations and Mergers	2		
Routine/Business	58	2	2
Shareholder Proposal - Compensation			
Shareholder Proposal - Corporate Governance		1	
Shareholder Proposal - Directors Related			
Shareholder Proposal - General Economic Issues			
Shareholder Proposal - Health/Environment			
Shareholder Proposal - Other/Miscellaneous	4	1	
Shareholder Proposal - Routine/Business			
Shareholder Proposal - Social/Human Rights			
Shareholder Proposal - Social			
Total	175	22	4
Total resolutions	201		
No. AGMs	8		
No. EGMs	17		
No. of companies voted	25		
No. of companies where voted against management on at least one resolution	12		
% no. of companies where at least one vote against	48%		

Votes against management and abstentions



Number of companies voted for/against abstentions



‘LGIM voted against at least one resolution at 48% of European companies over the quarter.’

Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

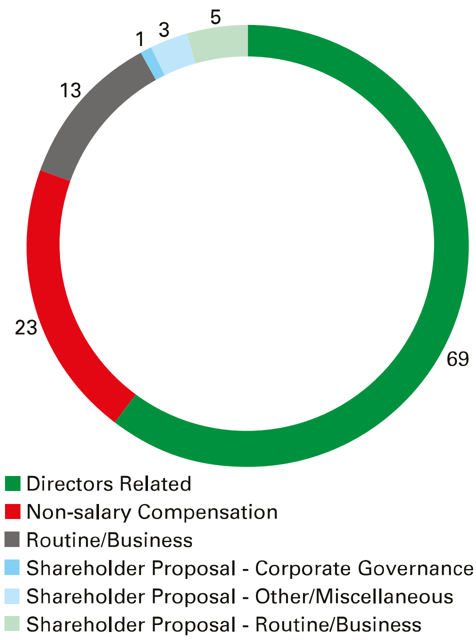
Regional updates

North America

Q4 2019 VOTING SUMMARY NORTH AMERICA

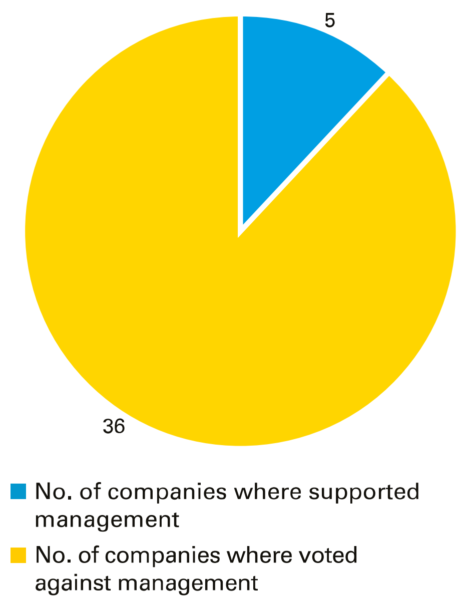
Proposal category	NORTH AMERICA		
	For	Against	Abstain
Anti-takeover Related	4		
Capitalisation	13		
Directors Related	273	69	
Non-salary Compensation	23	23	
Reorganisations and Mergers	4		
Routine/Business	26	13	
Shareholder Proposal - Compensation			
Shareholder Proposal - Corporate Governance		1	
Shareholder Proposal - Directors Related	1		
Shareholder Proposal - General Economic Issues			
Shareholder Proposal - Health/Environment			
Shareholder Proposal - Other/Miscellaneous		3	
Shareholder Proposal - Routine/Business		5	
Shareholder Proposal - Social/Human Rights			
Shareholder Proposal - Social			
Total	344	114	
Total resolutions	458		
No. AGMs	35		
No. EGMs	6		
No. of companies voted	41		
No. of companies where voted against management on at least one resolution	36		
% no. of companies where at least one vote against	88%		

Votes against management



'LGIM voted against at least one resolution at 88% of North American companies over the quarter.'

Number of companies voted for/against



Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

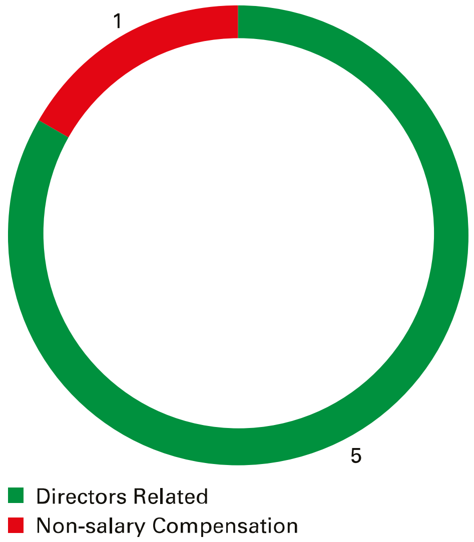
Regional updates

Japan

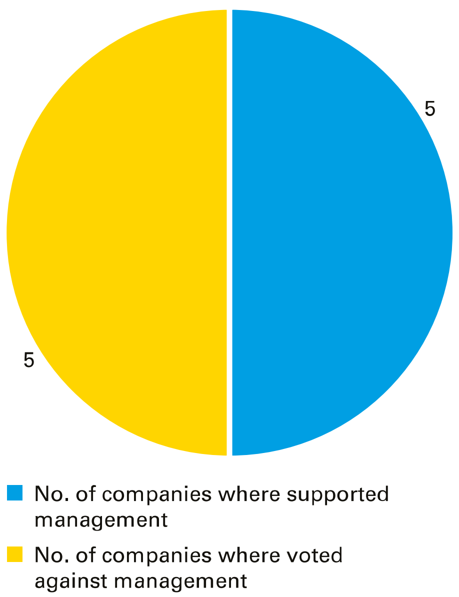
Q4 2019 VOTING SUMMARY JAPAN

Proposal category	JAPAN		
	For	Against	Abstain
Anti-takeover Related			
Capitalisation			
Directors Related	79	5	
Non-salary Compensation	2	1	
Reorganisations and Mergers	4		
Routine/Business	8		
Shareholder Proposal - Compensation			
Shareholder Proposal - Corporate Governance			
Shareholder Proposal - Directors Related			
Shareholder Proposal - General Economic Issues			
Shareholder Proposal - Health/Environment			
Shareholder Proposal - Other/Miscellaneous			
Shareholder Proposal - Routine/Business			
Shareholder Proposal - Social/Human Rights			
Shareholder Proposal - Social			
Total	93	6	
Total resolutions	99		
No. AGMs	9		
No. EGMs	1		
No. of companies voted	10		
No. of companies where voted against management on at least one resolution	5		
% no. of companies where at least one vote against	50%		

Votes against management



Number of companies voted for/against



‘LGIM voted against at least one resolution at 50% of Japanese companies over the quarter.’

Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

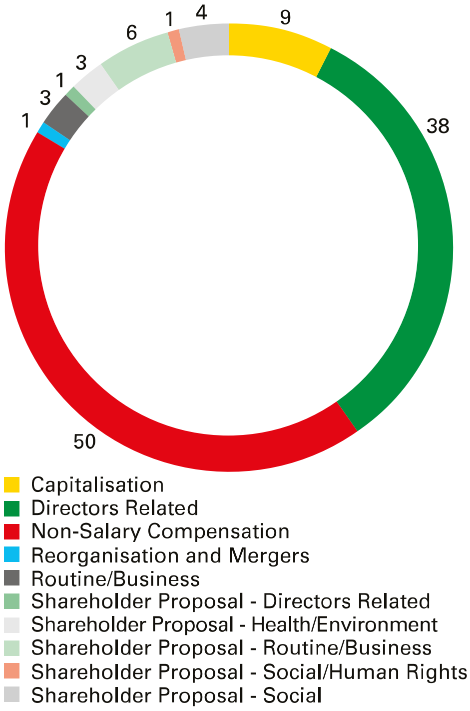
Regional updates

Asia Pacific

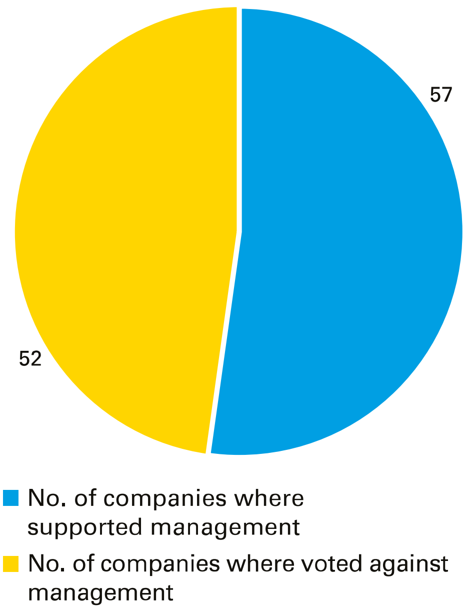
Q4 2019 VOTING SUMMARY ASIA PACIFIC

Proposal category	ASIA PACIFIC		
	For	Against	Abstain
Anti-takeover Related	9		
Capitalisation	24	9	
Directors Related	251	38	
Non-salary Compensation	136	50	
Reorganisations and Mergers	31	1	
Routine/Business	54	3	
Shareholder Proposal - Compensation			
Shareholder Proposal - Corporate Governance			
Shareholder Proposal - Directors Related		1	
Shareholder Proposal - General Economic Issues			
Shareholder Proposal - Health/Environment	1	3	
Shareholder Proposal - Other/Miscellaneous			
Shareholder Proposal - Routine/Business	4	6	
Shareholder Proposal - Social/Human Rights	1	1	
Shareholder Proposal - Social	2	4	
Total	513	116	
Total resolutions	629		
No. AGMs	92		
No. EGMs	17		
No. of companies voted	109		
No. of companies where voted against management on at least one resolution	52		
% no. of companies where at least one vote against	48%		

Votes against management



Number of companies voted for/against



'LGIM voted against at least one resolution at 48% of Asia Pacific companies over the quarter.'

Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

Regional updates

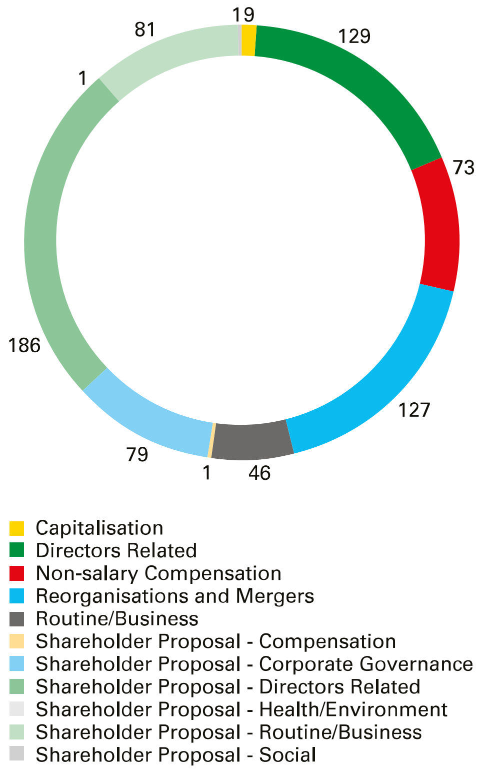
Emerging markets

Q4 2019 VOTING SUMMARY EMERGING MARKETS

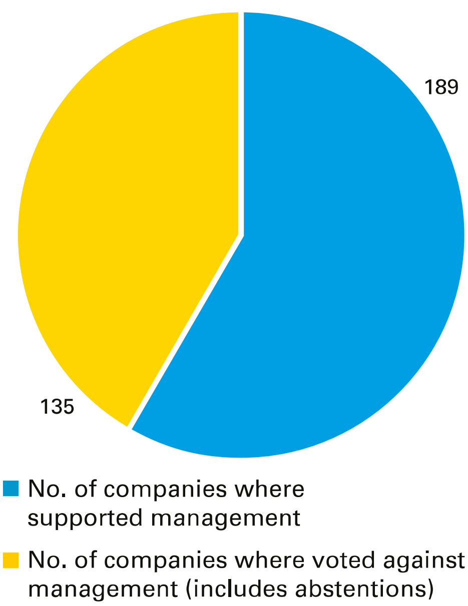
Proposal category	EMERGING MARKETS		
	For	Against	Abstain
Anti-takeover Related			
Capitalisation	358	9	
Directors Related	735	75	54
Non-salary Compensation	64	73	
Reorganisations and Mergers	371	127	
Routine/Business	390	46	
Shareholder Proposal - Compensation	6	1	
Shareholder Proposal - Corporate Governance		79	
Shareholder Proposal - Directors Related	14	186	
Shareholder Proposal - General Economic Issues			
Shareholder Proposal - Health/Environment		1	
Shareholder Proposal - Other/Miscellaneous			
Shareholder Proposal - Routine/Business	5	81	
Shareholder Proposal - Social/Human Rights			
Shareholder Proposal - Social		1	
Total	1943	679	54
Total resolutions	2676		
No. AGMs	50		
No. EGMs	278		
No. of companies voted	324		
No. of companies where voted against management /abstained on at least one resolution	135		
% no. of companies where at least one vote against	42%		

‘LGIM voted against at least one resolution at 42% of emerging markets companies over the quarter.’

Votes against management and abstentions



Number of companies voted for/against/abstentions



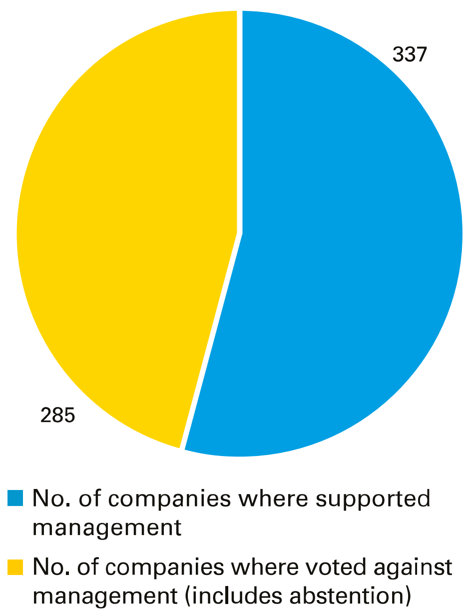
Source for all data LGIM. The votes above represent voting instructions for our main FTSE pooled index funds

Global Voting summary

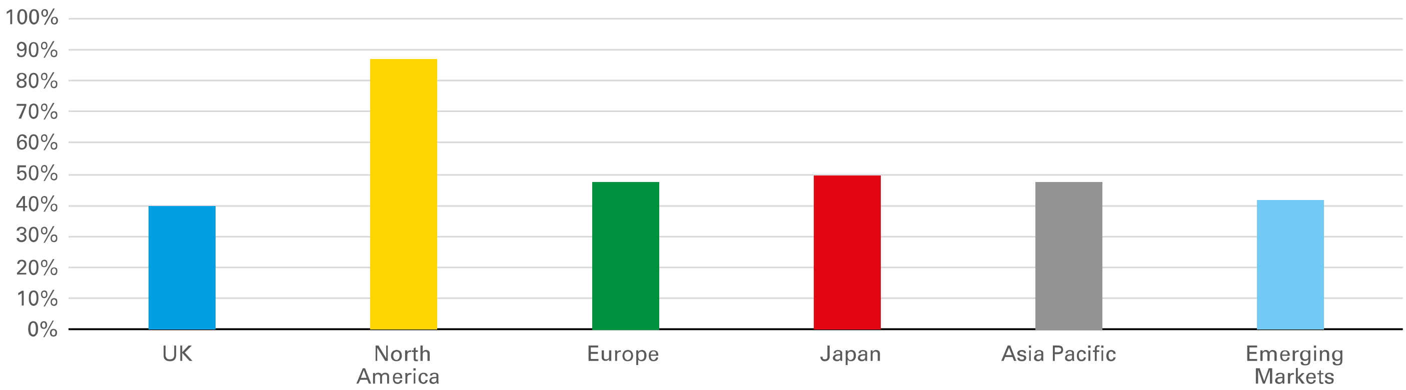
VOTING TOTALS

Proposal category	For	Against	Abstain	Total
Anti-takeover Related	59			59
Capitalisation	684	36		720
Directors Related	1832	236	56	2124
Non-salary Compensation	339	184		523
Reorganisations and Mergers	440	131		571
Routine/Business	875	72	2	949
Shareholder Proposal - Compensation	6	1		7
Shareholder Proposal - Corporate Governance		81		81
Shareholder Proposal - Directors Related	15	187		202
Shareholder Proposal - General Economic Issues				
Shareholder Proposal - Health/Environment	1	4		5
Shareholder Proposal - Other/Miscellaneous	4	4		8
Shareholder Proposal - Routine/Business	9	93		102
Shareholder Proposal - Social/Human Rights	1	1		2
Shareholder Proposal - Social	2	6		8
Total resolutions	4267	1036	58	5361
No. AGMs	272			
No. EGMs	362			
No. of companies voted	622			
No. of companies where voted against management /abstained on at least one resolution	285			
% no. of companies where at least one vote against	46%			

Number of companies voted for/against/abstentions



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



Global Engagement Summary

Number of companies engaged with 267

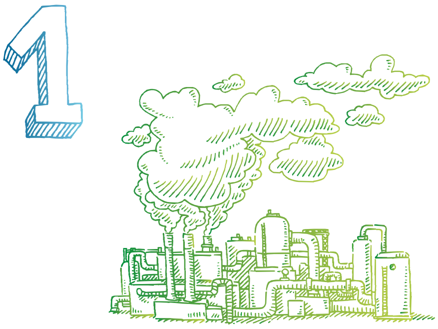
330 total engagements during the quarter Including:

146 engagement meetings or calls

184 engagement emails or letters

Number of engagements on environmental topics:	Number of engagements on social topics:	Number of engagements on governance topics:	Number of engagements on other topics (e.g. financial and strategy):	% of engagements on environmental and social topics:
96	138	164	47	67%

Top five engagement topics:



Climate Change

Diversity

Governance Score

Social Score

Remuneration

CONTACT US FOR MORE INFORMATION

For further information on anything you have read in this report or to provide feedback, please contact us at corporategovernance@lgim.com. Please visit our website www.lgim.com/corporategovernance where you will also find more information including frequently asked questions.

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M2045 GM

LGPS Central Limited

Quarterly Stewardship Report

THIRD QUARTER, 2019-20 (OCTOBER-DECEMBER 2019)

CHESHIRE PENSION FUND

Derbyshire Pension Fund

Leicestershire County Council PENSION FUND

Nottinghamshire County Council

SHROPSHIRE COUNTY PENSION FUND

Staffordshire Pension Fund Local Government Pension Scheme

West Midlands Pension Fund

Worcestershire Pension Fund

Responsible Investment & Engagement

LGPS Central's approach

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

OBJECTIVE #1

Support the Company's investment objectives

OBJECTIVE #2

Be an exemplar for RI within the financial services industry & raise standards across the marketplace

These objectives are met through three pillars:

*Our **Selection** of assets*

*Our **Stewardship** of assets*

*Our commitment to **Transparency and Disclosure***

This report covers Central's stewardship activity. Our stewardship efforts are supplemented by global engagement and voting services provided by Hermes Equity Ownership Services (Hermes EOS). For more information please refer to Central's Responsible Investment & Engagement Framework and UK Stewardship Code Compliance Statement.

ADDITIONAL DISCLOSURES

Responsible Investment & Engagement Framework

Stewardship Code

Voting Principles

Voting Disclosure

Signatory of:

PRI Principles for Responsible Investment

LGPS ADVISORY BOARD CODE OF TRANSPARENCY

01 Introduction and Market Overview

Regulation is shaping "Sustainable Finance" across markets and the whole investment chain is under renewed scrutiny to live up to new, yet evolving standards

When the EU introduced its *Action Plan on Sustainable Finance* in March 2018 one might have expected a relatively slow policy-making process. However, regulatory initiatives are being rolled out including new climate benchmarking and disclosure regulations which follows a recommendation from a Technical Expert Group on sustainable finance set up to assist implementation of the plan. At the core of the *Action Plan* lies a goal of creating a common language for companies and their investors on what can be considered "future fit", and through that enhance transparency and minimise the risk of greenwashing. That common language and understanding is being captured in a sustainable taxonomy which, starting with climate mitigation and adaptation activities, will set out what can or cannot legitimately be considered a sustainable economic activity. This should spur better dialogue between companies and investors and allow investors to compare "apples with apples" when assessing for instance same-sector companies on a given sustainability parameter. During the last quarter, the EU took a major step towards internationalising this work by launching an *International Platform on Sustainable Finance* (IPSF). The IPSF is aiming for considerable global political clout and has already assembled a number of heavyweight international organisations as 'observers'.

Country members will be represented by national authorities at finance/treasury ministry, central bank or supervisor level, and must be responsible for developing environmentally sustainable finance policies and initiatives in their respective jurisdiction. It is interesting to note that founding members are, alongside the EU countries, largely found outside of the OECD and include Argentina, Canada, Chile, China, India, Kenya and Morocco.

In tandem with clearer and higher regulatory expectations, we see that asset owners are asking more of their asset managers and are increasingly ready to call out managers that do not deliver genuine ESG integration. During the last quarter, ShareAction published a report that examines how 57 of the world's largest asset managers voted on 65 shareholder resolutions linked to climate change. According to the report US asset managers are clear laggards in terms of proxy voting on climate, while European asset managers lead the way. A number of CA100+ investor signatories fail to support resolutions at CA100+ focus companies. However, disclosure resolutions such as resolutions on corporate lobbying and climate-related disclosures seem to have entered the mainstream and gather more support. Resolutions on targets and transition planning filed by retail shareholders on the other hand, have received fewer votes than those filed by institutional investors in 2019. In December 2019 a group of shareholders put forward a resolution to BlackRock asking for a review of their 2019 proxy voting record and an evaluation of the company's proxy voting policies and guiding criteria related to climate change. The resolution also asks that a summary report on this review and its findings shall be made available to shareholders and be prepared at reasonable cost, omitting proprietary information. Larry Fink (BlackRock CEO) has placed climate change at the centre of his January 2020 letters to CEOs and shareholders, and we are discussing engagement action with peers both in Europe and in the US in order to build on this momentum.

The banking sector is also facing greater scrutiny. In the UK, banks are now stress-tested for climate risk. During the last quarter, The Bank of England (BoE) published its ground-breaking new framework to stress test the largest UK banks and insurers for climate risks. The BoE will ask firms to model their exposures to three climate scenarios: The catastrophic business-as-usual scenario where no further climate action is taken; a scenario where early policy action delivers an orderly transition to the targets set in Paris; and a third where late policy action leads to a disorderly and disruptive transition. It will build on the improved reporting of climate risks prompted by the Taskforce on Climate-related Financial Disclosure (TCFD). Last quarter also saw signatory banks of the Principles for Responsible Banking make a collective commitment on climate. The 36 banks in question committed to align their portfolios to reflect and finance the low-carbon, climate-resilient economy required to limit global warming to well-below 2, striving for 1.5 degrees Celsius. In Sections 3 and 4 below we touch on examples from the banking sector where LGPS Central has either co-filed or voted in favour of a climate-related shareholder resolution. Just as we expect Paris-alignment from corporations in their strategies and operations, we expect banks to define and disclose targets to reduce exposure to fossil fuel assets across sectors in line with the climate goals of the Paris Agreement.

Technology sector companies continue to be under scrutiny from regulators who are increasingly concerned with the dominance of the large internet players. Companies like Google, Apple and Facebook could be held to higher standards of proof in cases concerning anti-competitive behaviour. The EU anti-trust chief, Margrethe Vestager, is considering the proposal that digital platforms suspected of anti-competitive behaviour be required, in certain cases, to demonstrate clear gains for their users, rather than the EU having to prove the damaging effects on consumers. Vestager suggested in an FT interview that companies such as Google should bear extra responsibilities because they are so dominant that they have become "de facto regulators" in their markets. Beyond anti-trust, investors are continuing to express concern over a lack of social media content control. After nearly a year of engagement with big tech companies on this issue (following the Christchurch attack in March 2019, part of which was live streamed on Facebook), success has been mixed. However, the number of investors taking part in this collaborative effort has grown to nearly 100. That number is testament to an investor concern which we predict will not go away until we see real change both at governance and operational levels to effectively prevent and remove objectionable content on social media (see further detail in Section 3 below).

02 Engagement

This quarter our engagement set[1] comprised 1561 companies with 2876 engagement issues[2]. There was engagement activity on 754 engagement issues and achievement of some or all engagement objectives on 678 occasions. Most engagements were conducted through letter issuance or company meetings, and we or our partners mostly met or wrote to the Chair or a member of senior management.

In order to use our resources efficiently, our engagement work focusses mainly on key stewardship themes that have been identified in collaboration with our partner funds. These themes are touched on in more detail under Section 3 below. We continue, however, to employ a broad stewardship programme – beyond just our targeted themes – covering issues like fair remuneration, board composition, diversity, and human rights, to name but a few. We also employ a diverse range of engagement tools including filing of shareholder resolutions when this ties in with our overall engagement effort.

EXPRESSION OF CORE CORPORATE GOVERNANCE EXPECTATIONS

During the last quarter we have initiated dialogue with several companies following our shareholder voting over contentious ESG issues, including core corporate governance standards. This allows us the opportunity to explain to companies the rationale for our voting decisions and to express expectations for the next proxy season. It is one way of making sure that voting matters and to signal that we will persist on issues that are of critical importance to shareholders. In one case, we are engaging a UK-registered bank on their remuneration policy and practices. Our concern is that their Long-Term Incentive Plan (LTIP) allows for overly generous awards in certain 'good leaver' circumstances, and that this could be treated as a standard application, rather than under genuinely exceptional circumstances. We are furthermore concerned by the

[1] This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider. This quarter's total includes 726 companies written to as part of the International Mining and Tailings Initiative collaboration.

[2] There can be more than one engagement issue per company, for example board diversity and climate change.

fact that pension arrangements for executive directors are set at a level which is significantly higher than the wider workforce. Since the 2019 AGM where the remuneration policy was met with substantial opposition from shareholders, the company has decided to halve total executive pension awards with effect from January 2020. We will however continue to probe the company on how the pension award is calculated. The UK Corporate Governance Code states that only basic salary should be pensionable. There is some room for interpretation on what "basic salary" is and we will seek further clarity from the company on whether their calculation is in line with best practice.

With two other companies, one in the energy sector and one in the automotive sector, we have expressed concern over lack of independence as well as relevant skills and experience on their boards. In our Voting Principles we acknowledge that the most effective boards include a diversity of skills, experiences and perspectives. Both companies have expressed a willingness to engage on this and other issues, including climate change-related targets and corporate lobbying. In the case of the automotive company, their shareholder structure is such that more than 90% of shares are held among three shareholders which causes a lack of independence for board members who represent a majority shareholder. We aim to encourage the company to continue internal discussions around the advantages of having a more independent board. The company has set targets to move up the female contingency at all levels of the company and its Board currently has 30% gender diversity.

TRANSPARENCY IN CORPORATE LOBBYING

As a long-term, diversified investor we want to see companies well in control of both direct and indirect lobbying through industry associations. This requires a combination of good governance, oversight and transparency on the part of the company. Policy and regulation greatly influence how companies operate and on an issue like climate change, negative lobbying works against the creation of necessary regulation that will support the transition to a low-carbon economy. We are concerned that companies across sectors and markets do not always disclose their lobbying activities (direct and indirect) and that, in many instances, the industry associations of which a company is a member advocate in a manner which is not aligned with sustainability strategies and targets set by the corporation itself. With our long-term investment horizon, we would like as much certainty as possible from policy makers around e.g. climate policy, and if companies lobby in a negative manner we view it as an investment risk. During the last quarter we co-filed shareholder resolutions at three US companies; Honeywell Inc., Citigroup and Eli Lilly. While the three companies are in different sectors; aerospace, banking and pharma respectively, the common denominator is that they are currently not sufficiently transparent about their lobbying activities. The resolutions we co-filed were of the same wording, asking each company to provide a report, updated annually, disclosing expenditures, policies and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications. While negative climate lobbying is an underlying concern to us, the resolutions are worded to encompass lobbying in other policy areas where there may be misalignment with the long-term sustainable growth of the company and with the company's stated public policy and corporate responsibility positions. We have collaborated with US investor peers in filing the resolutions and are seeking dialogue with the above companies leading up to respective AGMs this spring.

03 Stewardship Themes

In order to be efficient and targeted in our engagement, we prioritise specific Stewardship Themes

In collaboration with our Partner Funds, we identified four themes at the start of the current financial year which are given particular attention in our ongoing stewardship efforts.

These are:

- Climate change
- Single-use plastics,
- Fair tax payment and tax transparency
- Technology and disruptive industries

Identifying core themes that are material to our investment horizon helps direct engagement and it also sends a signal to companies of the areas we are likely to be concerned with when we meet them. Given that engagement requires perseverance and patience, we expect to pursue the same themes over a one to three-year horizon, and in some cases – like with climate change – a longer time period. In our Annual Stewardship Plan (ASP) we have adopted a strategy of seeking to combine collaborative engagement alongside direct engagement with companies. We also aim to encourage the establishment and promotion of best practice standards through industry standard setting or regulation.

CLIMATE CHANGE

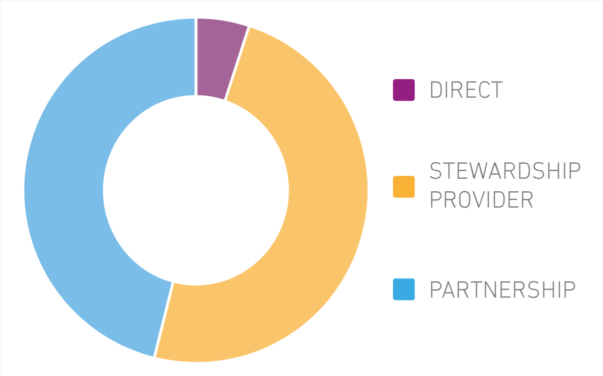
This quarter our climate change engagement set comprised 319 companies with 377 engagements issues[1] . There was engagement activity on 175 engagement issues and achievement of some or all engagement objectives on 137 occasions.

Since inception, LGPS Central has been an active member of the Climate Action 100+ initiative (CA100+), alongside the Transition Pathway Initiative (TPI) and the Institutional Investor Group on Climate Change (IIGCC). We are currently co-leading or in the focus group of ongoing engagements with eight companies that are part of the CA100+ initiative. The majority of these engagements are with oil & gas, and mining companies. We met the Chair, Company Secretary and Head of Sustainability of a major mining company during this quarter to discuss scope 1 and 2 GHG targets alongside scope 3 GHG assessments. While scope 3 emissions remain a particular challenge, not least in relation to steel making whose carbon intensity is 'hard to abate', the company is actively exploring low-carbon metallurgical innovation in collaboration with an academic institution in one of their key markets. We will continue this engagement and expect the company to explain further how it will revise scope 1 and 2 targets and continue its scope 3 assessments as well as their TCFD reporting during Q1 of 2020.

Also, as part of the CA100+ collaboration and led by Hermes EOS, we met the CEO alongside Head of Environment and Company Secretary at a UK-listed utility company. The discussion centred around how climate is embedded in the purpose, vision and strategy of the company, and how the company is managing the pace of activity/investment in low carbon solutions. While the company has already reduced its own carbon emissions by 26% and is now setting a new 10-year target for a further 35% reduction, most of the company's emissions are associated with its customers' use of energy, rather than its own operations. We are encouraged by the company's ongoing and increasing focus on how customers can lower their carbon footprint, for instance through pilot projects for "Zero CO2 homes". The company has set a 25% customer emissions reduction target by 2030 on a 2015 baseline, which we welcome, but we would like a clearer demonstration that it has undertaken detailed scenario analysis to understand the business and customer implications of limiting climate change to below 2°C.

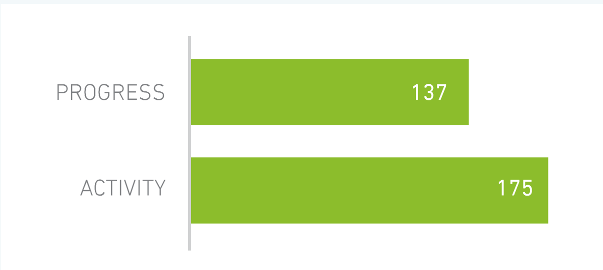
Together with 10 other investors LGPS Central co-filed a shareholder resolution at Barclays Plc asking the company to disclose targets to phase out the provision of finance to energy and utility companies that are not aligned with Paris goals. The resolution aligns with LGPS Central's responsible investment beliefs on climate change as a materially impactful trend. What we ask of companies outside the banking sector is that they manage financially material climate risks in line with the Paris goals. With this resolution, we want to send the same signal to banks, whose loan books could face similar risks. Responsibility for the timeline and details of the phase out would be at the Board's discretion and the company would be required to start disclosing in 2021. We are seeking dialogue with Barclays together with the other co-filers following the submission of the proposal and it is clear that the company is willing to have a constructive dialogue. We will emphasise to Barclays that energy and utility companies that do align their businesses with the Paris goals would not be included in the scope of the phase out. We view, therefore, the resolution as a request for good risk management by Barclays, and not as a shareholder-enforced divestment request.

ENGAGEMENT VOLUME BY TYPE



- 377 engagements in progress
- Majority of engagements undertaken via CA100+
- First climate-related resolution filed at European bank

ENGAGEMENT VOLUME BY OUTCOME



[4] There can be more than one climate-related engagement issue per company.

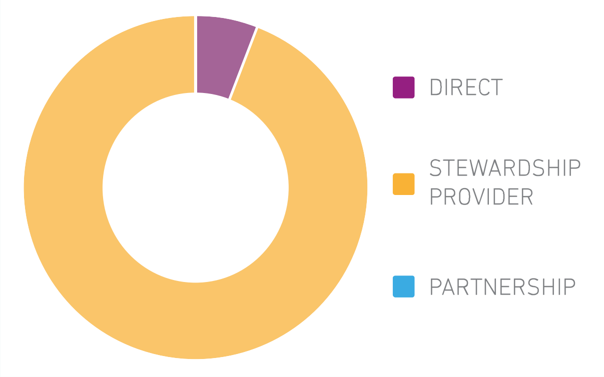
SINGLE-USE PLASTICS

This quarter our single-use plastics engagement set comprised 24 companies with 33 engagements issues. There was engagement activity on 17 engagements and achievement of some or all engagement objectives on seven occasions.

Together with a group of other investors, and led by Hermes EOS, we met the Head of Packaging Campaigns alongside the Investor Relations Director and Senior Investor Relations Manager at a large UK retailer. Our aim was to understand the current plans to reduce packaging, including plastics packaging. The company has a central packaging reduction plan and strategy to remove, reduce, reuse and recycle packaging. The company works along their value chain, including with commercial teams, customer teams, suppliers and buyers in order to achieve strategic alignment from their value chain. A key ask from us is that the company sets clear targets for reduction. The company explained that they, in principle, would like to see 100% reduction where possible, because a lower target may not incentivise some suppliers to aim high. Alongside engagement on the company's packaging strategy, we have also signalled an interest in discussing their ambitions relative to two specific industry standard initiatives that LGPS Central actively supports: Plastic Pellet Management and "Ghost Gear" (lost and abandoned fishing equipment), respectively.

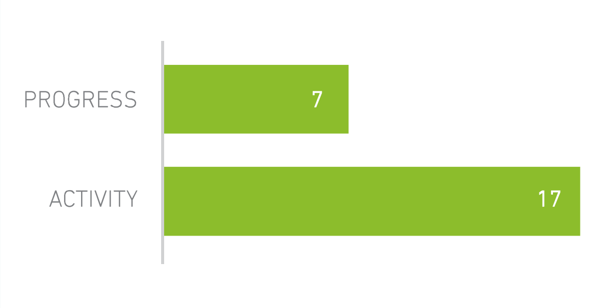
We have initiated a dialogue with a multinational food manufacturing company headquartered in the US to discuss how the company oversees the management of environmental, reputational and regulatory risks stemming from plastic pollution across its product development, operations and value chain. In this engagement, we are working alongside five other investors, the majority of whom are European based whereas one is based in the US. We aim to discuss with the company how environmental risk in the company's packaging strategy are managed and how that risk affects decisions for new products and technologies. We would also like to explore how the company is working to minimize negative impacts and how it introduces environmentally friendly, decomposable packaging for all products and regions. As an example, the company currently sells individually packaged portions of cereal which come in a plastic tub with a plastic lid. From a long-term investment perspective, we are concerned with both environmental risks and reputational risks stemming from changing consumer awareness and behaviour that the company carry by continuing to bring such products to market. The company has responded positively in the first instance and is agreeable to engage on the issues we have raised with them.

ENGAGEMENT VOLUME BY TYPE



- 33 engagements during the quarter
- Productive engagement with large UK retailer on reduction of packaging, including plastics packaging
- Collaborative engagement initiated with US food manufacturer

ENGAGEMENT VOLUME BY OUTCOME



FAIR TAX PAYMENT AND TAX TRANSPARENCY

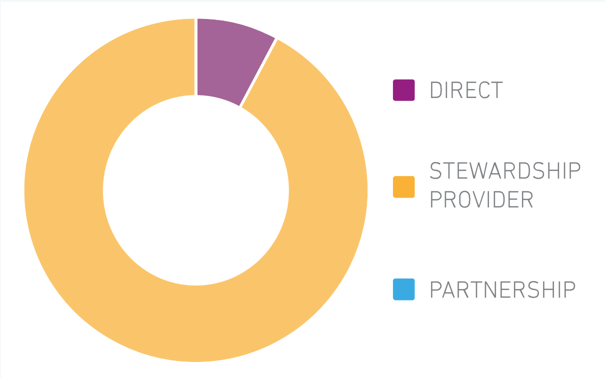
This quarter our tax transparency engagement set comprised 10 companies with 13 engagements issues. There was engagement activity on four engagements and achievement of some or all engagement objectives on one occasion.

On the tax theme, we have joined a recently established investor-collaboration and are initiating engagements both directly and through the initiative. For our direct engagements we have contacted a selection of UK companies that are among our largest holdings and that operate in sectors we view as vulnerable to this theme. These include amongst others, pharmaceuticals, banks and technology companies. For example, we have initiated dialogue with a pharmaceutical, multinational company asking them to explain their tax strategy and policy, and their current level of transparency around corporate value generation across countries. Recent best practice standards, such as OECD's Base Erosion and Profit Shifting (BEPS) project (launched in 2015) aims to ensure that multinational enterprises are by 2020 taxed where their economic activities take place, and value is created. We have expressed to the company that we would expect them to strive for that practice. We have also encouraged the company to consider if and how it might attain the Fair Tax Mark[4]. The company has given an initial, positive response and is agreeable to engage with us.

Responsible tax behaviour is a relatively new theme for both investors and companies. We therefore actively seek collaboration with likeminded investors and have in this quarter formed a collaboration with four other, European investors. Through this collaboration we aim to engage not only the obvious laggards but also companies that are already being more transparent. This is in order to increase our own learning and to better capture best practices in responsible tax behaviour as they evolve.

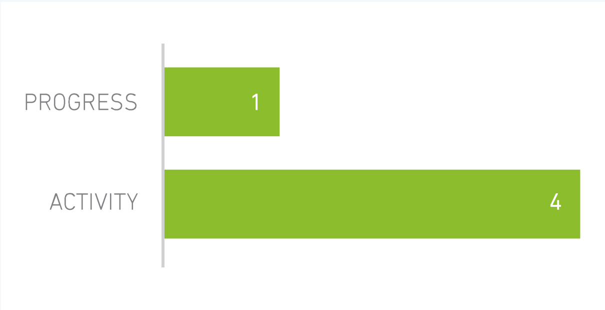
At the backend of this quarter, a new tax standard was launched by the Global Reporting Initiative (GRI). This is the first global standard to guide corporations on responsible tax behaviour and tax transparency. Whereas the existing OECD Base Erosion and Profit Shifting (BEPS) project asks companies to report to tax authorities, the new GRI standard asks companies to report on their tax behaviour to stakeholders including investors. The standard is voluntary and asks companies to disclose their approach to tax (including tax havens), their tax governance, control and risk management, their stakeholder engagement, and to provide a country-by-country reporting. The latter will shed light on whether profits are reported where economic activity takes place. This level of reporting will allow investors the ability to appraise a company's tax strategy and how that ties in with the overall business strategy and planning.

ENGAGEMENT VOLUME BY TYPE



- 13 engagements during the quarter
- Engagement initiated with UK companies in vulnerable sectors
- Global Reporting Initiative launches new standard for responsible tax behaviour

ENGAGEMENT VOLUME BY OUTCOME



[4] https://fairtaxmark.net/getting-the-mark/criteria-and-standards/

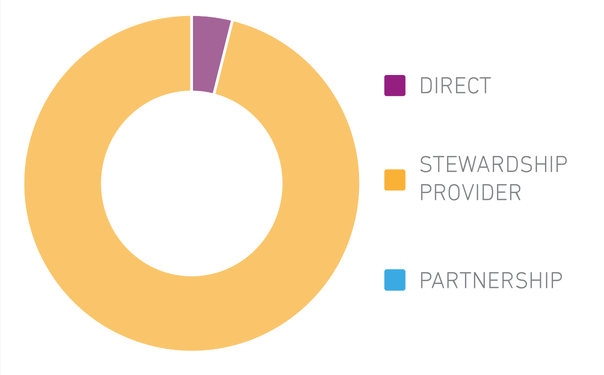
TECHNOLOGY AND DISRUPTIVE INDUSTRIES

This quarter our technology and disruptive industries engagement set comprised 43 companies with 82 engagements issues. There was engagement activity on 25 engagement issues and achievement of some or all engagement objectives on 11 occasions.

We have this quarter continued our collaborative engagement, led by the New Zealand Crown-owned investors, aiming for social media companies to strengthen controls around the live streaming and distribution of objectionable content. The engagement is targeting Alphabet, Facebook and Twitter. The initiative started following the Christchurch terror attacks in March 2019, which were initially streamed live on Facebook. While each quarter so far has seen some progress, we are currently discussing ways of ramping up the engagement to see stronger action by all companies and more willingness to engage the full group of concerned investors. Through a separate investor initiative, albeit partially interlinked, we are asking Alphabet to establish a Human Rights Risk Oversight Committee of the Board of Directors, composed of independent directors with relevant experience. We are concerned about the various human rights-related risks that technology sector companies face, such as weak human and labour rights in technology supply chains, workforce displacement through automation, content management, data privacy and malicious political interference. If these risks are not managed well, they could translate to investment risks in our portfolios. Alphabet has not responded, and a shareholder proposal has been put forward to the company regarding this issue. We will continue engagement on the issue of human rights risk oversight and management and expect to support the resolution if it is admitted to the AGM.

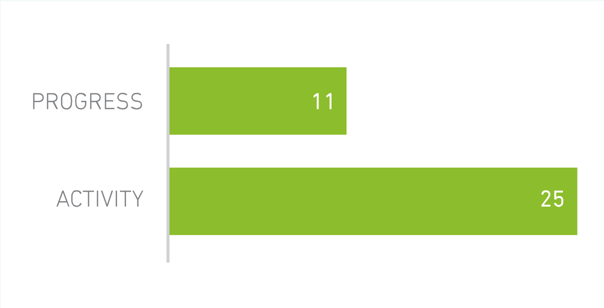
On our behalf, Hermes EOS engages technology companies on a broad spectrum of vulnerabilities via its Social as well as its Strategy, Risk & Communication themes. As an example, Hermes EOS engaged a large-cap technology company on various ESG issues, including workforce related issues, and how best to report on these to investors. The company sought Hermes EOS' views on a range of ESG ratings and benchmarks in its efforts to prioritise those that are more valued by investors. Focusing on the most relevant public disclosures should prove more time efficient and also give fairer access to information for all stakeholders, who may not be able to pay for subscriptions to privately disclosed information. The company was encouraged to participate in the Workforce Disclosure Initiative (WDI), an initiative with 137 investor signatories which asks companies to disclose how they manage workers in their direct operations and supply chains. Hermes EOS will continue to engage the company on workforce related issues, including corporate governance, child labour risks alongside risks linked to cobalt supply chains and also carbon emissions reduction targets.

ENGAGEMENT VOLUME BY TYPE



- 82 engagements in progress
- Collaborative engagement with social media companies (Alphabet, Facebook and Twitter) on content control
- Human rights including workers' rights continue to be on our radar for tech company engagements

ENGAGEMENT VOLUME BY OUTCOME



04 Voting

POLICY

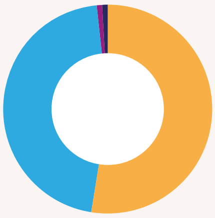
For UK listed companies, we vote our shares in accordance with a set of bespoke UK Voting Principles. For other markets, we consider the recommendations and advice of our third-party proxy advisor.

COMMENTARY

On behalf of our clients, we continued to vote shares at company meetings between October and December 2019[5].

[5] The data presented here relate to voting decisions for securities held in portfolios held within the company's Authorised Contractual Scheme (ACS)

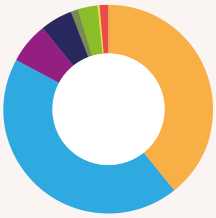
GLOBAL



- Total meetings in favour **52.6%**
- Meetings against (or against AND abstain) **46.0%**
- Meetings astained **0.7%**
- Meetings with management by exception **0.7%**

Over the last quarter we made voting recommendations at 285 meetings (2,269 resolutions). At 131 meetings we recommended opposing one or more resolutions. We recommended voting with management by exception at two meetings and abstaining at two meetings. We supported management on all resolutions at the remaining 150 meetings.

GLOBAL VOTES AGAINST AND ABSTENTIONS BY CATEGORY

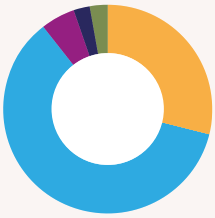


- Board Structure **39.2%**
- Remuneration **43.7%**
- Shareholder resolution **6.4%**
- Capital structure and dividends **4.8%**
- Amend articles **1.3%**
- Audit and accounts **2.9%**
- Poison pill/Anti-takeover device **0.3%**
- Other **1.3%**

UK

We made voting recommendations at 59 meetings (616 resolutions) over the last quarter. We recommended voting against or abstaining on 38 resolutions over the last quarter.

- Total meetings in favour **69.5%**
- Meetings against (or against AND abstain) **30.5%**



- Board Structure **28.9%**
- Remuneration **60.5%**
- Shareholder resolution **5.3%**
- Capital structure and dividends **2.6%**
- Poison pill/Anti-takeover device **2.6%**

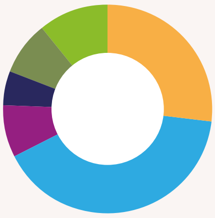
At the AGM of mining company BHP Group, we supported a shareholder resolution asking the company to suspend memberships of industry associations whose record of advocacy since 2018 demonstrates, on balance, inconsistency with the Paris goals. This is in line with recommendations from LAPFF and from our service provider, Hermes EOS. Negative lobbying works against the creation of the necessary regulatory environment to support the transition to a low-carbon economy. While BHP is taking leadership in climate change action and disclosure, we believe it is warranted to ask the company to go a step further in avoiding climate-negative industry association lobbying. The shareholder resolution received 22% support at the BHP Group Plc's AGM in London on 17 October, which is a substantial level of support.

We voted against a new remuneration policy for Whitbread Plc, a hotel and restaurant group, at the company's last AGM. Whitbread disposed of Costa to The Coca-Cola Company in January 2019 and hence revised its business plan to focus more on its hotel business. The new remuneration policy put to the AGM, is in response to this revised business plan. The new policy replaces a performance-based long-term incentive structure with a non-performance based one. This leads to higher certainty of consistently high level of pay regardless of performance. While under the new remuneration policy there will be no further awards made under the existing Long-Term Incentive Plan, that reduction is in our view not sufficient to justify the higher certainty of pay through the new plan. As explained in our Voting Principles we have a high regard for Remuneration Committees willing to explore alternatives to the traditional LTIP structures, which are often poorly designed and overly complex. However, on this this occasion we voted against the Restricted Share Plan which forms part of the new remuneration policy, for the same reasons as stated above.

EUROPE EX-UK

We made voting recommendations at 41 meetings (290 resolutions) over the last quarter. We recommended voting against or abstaining on 37 resolutions over the same quarter.

- Total meetings in favour **56.1%**
- Meetings against (or against AND abstain) **43.9%**



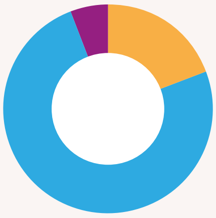
- Board Structure **27.0%**
- Remuneration **40.5%**
- Capital structure and dividends **8.1%**
- Amend articles **5.4%**
- Audit and accounts **8.1%**
- Other **10.8%**

At the Greek retail company Jumbo SA's AGM we voted against the election of board directors because all board member elections were presented under one item. We consider board elections as important items for shareholders and we view it as good practice that directors should be elected individually, so that there is individual accountability. Since it is current market practice in Greece to elect a single slate of directors the bundling into one vote, this element may not be a determining factor alone to opposing board elections in this market. However, in the case of Jumbo, it is an additional concern to us that the proposed board is not at least one-third independent.

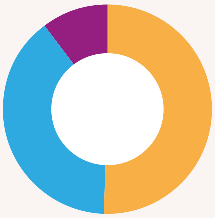
We voted against management at approximately half of the AGMs held in Europe ex UK this quarter. In the majority of these cases we expressed concern over a combination of core corporate governance practices including remuneration which is not appropriate relative to performance, issuance of equity with the risk of diluting existing shareholders as well as lack of board diversity and commitment. These are issues which we continue to raise both in voting and engagement with companies not just in the European market but across geographies.

NORTH AMERICA

We made voting recommendations at 36 meetings (417 resolutions) over the last quarter. We recommended voting against or abstaining on 69 resolutions over this quarter.



- Total meetings in favour **19.4%**
- Meetings against (or against AND abstain) **75%**
- Meetings with management by exception **5.6%**



- Board Structure **50.7%**
- Remuneration **39.1%**
- Shareholder resolution **10.1%**

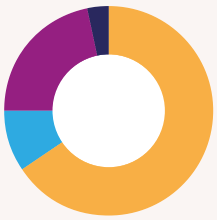
At the AGM of Cisco Systems, we voted for the CEO's pay although it is around 1.4x the peer median. The company has performed exceptionally well on a 1 and 3-year Total Shareholder Return basis relative to peers. More than 75% of long-term pay for the CEO is performance-conditioned, so a below-target shareholder return would substantially reduce the pay in the future. Ahead of the AGM, Cisco increased shareholding requirements for the CEO and Non-Executive Officers (NEOs). We generally take a view that significant executive shareholdings in the company helps align interests of executives and shareholders. In addition, Cisco extended clawback policies to performance shares as well as other forms of pay, which allow recall of pay awards under certain circumstances such as misconduct. This is a major shift in policy and a substantial new protection against malpractice given that the vast bulk of CEO/NEO pay is through performance-based shares. We voted for a shareholder resolution requiring that the CEO and Chair roles be split because we consider that general best practice, and also given the complexity of this business and the disruption inherent to the technology sector. The latter resolution, although it did not pass, received nearly 30% support from shareholders.

At Microsoft's AGM we voted against the ratification of the executive compensation (advisory vote). While acknowledging the company's long-term performance, we are concerned about the significant increase in the CEO base salary this year which include elements that are not strongly performance based. Our concerns are centred around the amount and timing of share buybacks (the re-acquisition by a company of its own stock) that the company has completed. These buybacks coincided with the share price peak, which was shortly followed by the increase in CEO base pay, without any company disclosure on efforts to mitigate the effect of buybacks on share price. We did not support a shareholder resolution asking the company to report on the company's global median gender pay gap, policies and related risks.

DEVELOPED ASIA

We made voting recommendations at 28 meetings (192 resolutions) over the last quarter. We recommended voting against or abstaining on 32 resolutions over this quarter.

- Total meetings in favour **60.7%**
- Meetings against (or against AND abstain) **39.3%**



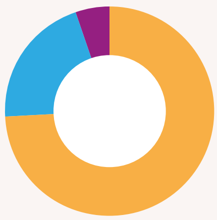
- Board Structure **65.6%**
- Remuneration **9.4%**
- Capital structure and dividends **21.9%**
- Amend articles **3.1%**

At Hong-Kong registered company New World Development (an investment holding company), we voted against several governance-related resolutions that were put to the AGM during last quarter. We voted against the re-election of two board members. In one case the board member has too many board commitments and in the other case the board member has failed to attend at least 75 percent of board and committee meetings without a satisfactory explanation. Per LGPS Central's Voting Principles, the capacity of a board director to make a full commitment to their appointment is an important aspect of board composition. We also voted against a proposal that sought to approve the issuance of shares without applying rights of pre-emption (i.e. without allowing existing investors first opportunity to buy a new issue of stock). Whilst companies require flexibility to manage their share capital without undue constraint, our concern is that this proposal will dilute the rights of existing shareholders. The resolution sought approval to disapply pre-emption rights on new issuances of a value up to 20% of share capital but, mindful of the UK's Pre-Emption Group guidelines, we believe a 10% limit is more appropriate.

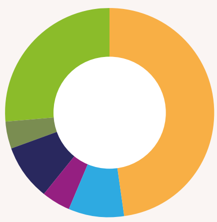
One third of the meetings we voted at in this market were at Japanese companies. While dialogue between investors and Japanese companies has improved in recent years, there are some ongoing challenges relating to key corporate governance standards including board composition. In more than half of the cases where we this quarter voted against management of a Japanese company, it related to inadequate board composition, either a lack of independence, or of diversity. Even companies that operate internationally and derive a majority of revenues from overseas often have boards comprised solely of Japanese nationals, who are typically over a certain age – late 50s upwards. Given this, and the large number of executive directors, boards tend to lack diversity of experience, skills and age. This issue will continue to stay on our radar for voting and engagement with Japanese companies.

EMERGING AND FRONTIER MARKETS

We made voting recommendations at 39 meetings (266 resolutions) over the last quarter. We recommended voting against or abstaining on 23 resolutions over this quarter.



- Total meetings in favour **74.4%**
- Meetings against (or against AND abstain) **20.5%**
- Meetings astained **5.1%**



- Board Structure **47.8%**
- Remuneration **8.7%**
- Shareholder resolution **4.3%**
- Capital structure and dividends **8.7%**
- Amend articles **4.3%**
- Audit and accounts **26.1%**

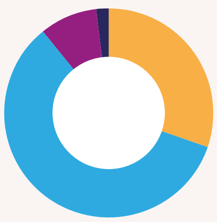
NWS Holdings Limited is a capital goods company and the conglomerate flagship of New World Development (see separate narrative in this Section under "Developed Asia"). At the AGM, we voted against the election of three board directors over concerns that they have too many other board commitments. Adding to our concern, two of these board directors serve on the company's audit committee which has allowed excessive non-audit fees without sufficient explanatory disclosures (we also voted against the approval of the company's external auditor). We also voted against a proposal that sought to approve the issuance of shares without applying rights of pre-emption (i.e. without allowing existing investors first opportunity to buy a new issue of stock). The resolution sought approval to disapply pre-emption rights on new issuances of a value up to 20% of share capital but, mindful of the UK's Pre-Emption Group guidelines, we believe a 10% limit is more appropriate.

Sasol Limited, an integrated chemicals and energy company, has seen project costs overrun by USD 4 billion since the 2014 inception of its Leak Charles Chemical Project (LCCP). At the news of this in May 2019, the company's share price fell by c. 13% and subsequently fell further (to c. 42%) leading up to the AGM last quarter. We voted against the election of the CFO Paul Victor given his direct accountability for material failure of controls in connection with LCCP and his position as a senior executive during the period in question. We also voted against the members of the Audit Committee, thus signalling that we hold them accountable for the internal control failings that have been identified at Sasol in connection with the LCCP. While the resolution to re-elect these board directors passed, they were met with significant opposition from shareholders (varying between c. 17% and 30% opposition).

AUSTRALIA & NEW ZEALAND

We made voting recommendations at 82 meetings (488 resolutions) over the last quarter. We recommended voting against or abstaining on 112 resolutions over the last quarter.

- Total meetings in favour **40.2%**
- Meetings against (or against AND abstain) **59.8%**



- Board Structure **30.4%**
- Remuneration **58.9%**
- Shareholder resolution **8.9%**
- Capital structure and dividends **1.8%**

We voted against Westpac Banking Corporation's recommendations on three resolutions at their AGM this quarter. We opposed the re-election of a board director who is also the Chair of the Audit Committee (AC) due to governance and risk failures identified at the Royal Commission and by Austrac. Austrac is the Australian government entity overseeing anti-money laundering and counter-terrorism financing laws. We also voted against the remuneration report, which allows for bonus payments of up to 55% of the maximum opportunity despite failing to meet key financial indicators. We supported a shareholder proposal asking Westpac to disclose its strategies and targets for reducing exposure to fossil fuel assets in line with Paris goals. These include the elimination of exposure to thermal coal in OECD countries by no later than 2030. None of the three resolutions went the way we had voted, but it is noteworthy that the re-election of the AC Chair and the Remuneration Report received 42% and 35.90% opposition respectively. The shareholder proposal received a substantial 16.9% support.

At the AGM of Australia & New Zealand Banking Group Ltd (ANZ) we cast our vote in support of two climate-related shareholder resolutions in line with advice from LAPFF. One resolution asks for disclosure on strategies and targets for managing exposure to fossil fuel assets in line with the climate goals of the Paris Agreement, and the other asks that any lobbying through industry associations be aligned with Paris goals. Owing to the vagaries of the company's current constitution the advisory resolutions were not put to vote at the AGM. However, ANZ's Chairman acknowledged shareholder concern around lobbying alignment and committed during the AGM to undertake a review of industry associations during 2020 and to report on the findings. We will continue to engage ANZ and other banks on the issues of managing their exposure to fossil fuel assets in line with the Paris goals. The same issue has been raised with Barclays Plc through a shareholder resolution that LGPS Central co-filed alongside 10 other investors in December 2019.

05 Industry Participation

LGPS Central is an active participant in the debate on good corporate and investor practice. We value collaboration with peer investors and with industry initiatives, which gives a stronger voice and more leverage in engagement.

The Securities and Exchange Commission (SEC) in the US is proposing changes to rules on shareholder proposals and proxy advisers that would introduce major impediments to effective investment stewardship and efficient engagement between minority shareholders and corporations on ESG issues. The changes significantly raise the ownership requirements for co-filing a resolution and the percentage support a proposal must receive to be resubmitted. This makes it more difficult to submit and sustain proposals. Over this quarter, the PRI has done extensive analysis of the implications of the proposed changes and concluded that hundreds of resubmitted ESG shareholder resolutions would now, if the changes are implemented, fail to make the ballot. Furthermore, hundreds of successful ESG related resolutions would now fail to make the ballot. This means that, if finalised, the SEC's proposed amendments would in many cases hinder discussion of emerging ESG issues before investors have the chance to analyse and incorporate the latest thinking into voting behaviour. The changes relating to proxy advisers, requiring proxy advisory firms to allow companies to review and comment on recommendations before investors even see them, will greatly limit investors' access to independent advice. There is a further risk that the SEC's proposed changes will undermine the independence of proxy advice and cause unwarranted delays in an already compressed process. As a universal investor with minority stakes in companies across sectors and markets, LGPS Central views the proposed SEC amendments with great concern. We have signed a PRI-coordinated letter that has been submitted to the SEC urging them to consider our concern and to preserve the existing framework. The letter was signed by 193 investors managing over $11.5tn USD in assets. LAPFF has also submitted comments to the SEC on behalf of its members, raising the same concerns as described above.

We regularly contribute to RI-related advisory committees and make select speaking appearances at investment conferences. During the last quarter we spoke at the following events (see table on the right).

Our stewardship manager taking part in a panel discussion on the topic of barriers to diversity in portfolio management at AIMSE Europe Annual Conference (November 2019)

CONFERENCE/EVENT	TOPIC
Local Government Pension Investment Forum	General ESG
AIMSE (Association of Investment Management Sales Executives) Europe Conference	Diversity
DB Strategic Investment Forum	Climate change
Green Equities Conference	Climate change
Financial/Pinsent Masons Breakfast briefing	Diversity

LGPS Central currently contributes to the following investor groups:

- Cross-Pool Responsible Investment Group
- UK Pension Fund Roundtable
- BVCA Responsible Investment Advisory Group
- PRI Listed Equity Integration Advisory Sub-Committee
- TPI Steering Committee & Technical Advisory Group
- Roundtable on Mining (Investor Mining and Tailings Safety Initiative)
- GFI Working Group on Data, Disclosure & Risk
- FRC Investor Advisory Group
- LAPF SIF Advisory Board
- IIGCC Shareholder Resolutions Sub-group
- IIGCC Paris Aligned Investment Steering Group

LGPS CENTRAL LIMITED'S

Partner Organisations

All information is prepared as of **11.02.2020**.

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