# **Environmental, Social & Governance Statement**

## 

## **Voting and engagement report**

## **Q4 2021**

## **1 October - 31 December 2021**

# **Executive summary**

**Responsible Investment (“RI”) is a subject that the Fund’s Pension Committee (“the Committee”) take seriously. Environmental, social and governance factors are considered throughout the Committee’s decision-making process.**

**This report sets out voting and engagement activity carried out during the last quarter.**

## **Investment strategy**

Generating sustainable long term investment returns is the East Sussex Pension Fund’s (the Fund) primary objective and it does so by investing across a range of asset classes such as equities, bonds, cash, and infrastructure using both active and passive management styles. Asset allocation is expected to be the Fund’s main driver of returns and risk over the long term. The Funds [Investment Strategy Statement](https://www.eastsussexpensionfund.org/media/sznjpnzl/investment-strategy-statement-2021.docx) describes the high-level principles governing the investment decision-making and management of the Fund.

The Fund believe that Responsible Investment (RI) supports the purpose of the Scheme – the provision of retirement income for individuals. RI is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and to generate sustainable, long-term returns.

## **Investment managers**

The Fund uses mostly active managed strategies, with the Committee seeking to achieve a balance between cost and return. Active and passive managers have a duty to act as responsible investors and are expected to act as good stewards for the companies they invest in or lend to.

All the Fund’s managers are required to report their engagement activity on a regular basis and exercise the voting rights in relation to the Fund’s investments as far as practical. This report summarises those activities.

## **Policies and approach**

The Fund have policies detailing our Investment Strategy and approach to Responsible Investment. These policies are [available on the Funds website](https://www.eastsussexpensionfund.org/resources/).

## **Collaborations**

The Fund believes a philosophy of engagement is the most effective approach in addressing ESG concerns and driving long lasting change. To be effective, it is best done in conjunction with other parties such as the ACCESS pool or the Local Authority Pension Fund Forum. Participation in the pool will increase the Fund’s ability to influence positive action among the companies it invests in and accelerate the transition to a sustainable pathway (the need to engage other pool members is also important). The Fund is additionally a signatory to the PRI, IIGCC and Pensions for Purpose. The Funds Investment Managers will also have a number of memberships which are shown in the report below.

# **East Sussex Pension Fund engagement**

**East Sussex Pension Fund Commitments**

As an advocate of responsible investment the Fund is a member of the following organisations:

* Institutional Investors Group on Climate Change (IIGCC)
* Local authority Pension Fund Forum (LAPFF)
* Principles for Responsible Investment (PRI)

In addition the Fund has committed to reporting under the following initiatives:

* FRC Stewardship Code 2020\*
* Taskforce on Climate Related Financial Disclosure (TCFD)

\*Commitment made, Statement to be send to FRC for consideration in 2022

In addition to being members of these groups East Sussex demonstrates is commitment to RI by actively participating via representation in:

* LAPFF Officer Member of LAPFF Executive
* Membership of the IIGCC Corporate Programme Advisory Group

Engagement Activities completed in Q4 2021 through LAPFF are [available here](https://lapfforum.org/wp-content/uploads/2022/01/LAPFF_QER04_2022_Final.pdf)

**LAPFF Engagement Activity involving the Funds Head of Pensions, December 2021**

Mizuho Bank

Issue – Climate

The Asia Collaborative Engagement Platform for Energy Transition Collaborative engagement, working with Asia Research and Engagement (ARE) and the Asia Transition Platform, has continued with some of Asia’s largest listed financial institutions and buyers and producers of fossil fuels. During the quarter, LAPFF executive members Cllr Caron and Sian Kunert engaged with Sumitomo Mitsui Financial Group (SMFG) and Mizuho respectively. At Mizuho, bank representatives were asked for more details on sustainability experience and expertise of board members, as well as an insight into a timeline for the phase out of coal power financing. At SMFG, discussions also covered mechanisms to ensure sustainability experience on the Board as well as target setting and referencing the International Energy Agency Net Zero scenario.

Further information on the Funds activities and polices can be found on our investment page [available here](https://www.eastsussexpensionfund.org/about-the-scheme/investment/).

## **Engagement with policy Makers**

The Fund responds to Government consultations and will put its name on investor activities promoting change.

Engagement in the quarter

As a member of IIGCC, policy engagement undertaken in the quarter includes:

* The IIGCC open letter calling for gas to be excluded from the EU Taxonomy. Full details can be found here: [open letter](https://u23743831.ct.sendgrid.net/ls/click?upn=HlbTYUOA0uXZUpAHRVBqqvzGI5z-2BNe-2BNb1keVqoQXJM6ZBPfiYJlYkbpIx-2BRouahOdsXywkmOmTsfDqeIB1OZVltVLQ9rJUEhUyeZP2HclMHnHbDIQ7PC5VVmIYdbsX6PqgewmM1iGeSoabA9jFiVUinhzz01KDM8pmNSp4K5GxUes2yIyaXN-2FooU1tADidwcwYCE1EGIJRV1Xy-2BvRMJ09XKiaYgh9bgpPrNHtcuVANx2xoHfNkPJt6mRNEMT3rB90zSQI2Ygwnu-2BSl16u0Nky-2FJdBgs0tjmpzHYwBCQmJs-3D5WrH_vZS8PKs1MrtHJLUQzInQWkH2OTV0Cyd19mJ7Qc5-2BxcAQl09HDW-2BBBs4I2ACyw5rH1zxZ3FVUE0HFKKnk99uqbVC0s0VsNW1MJU280ECowFdeYGum4KYUeURgCkusiteSbLx1sZf8NlVXUPrLKB6jl02B-2B3AftxKVGBV27McX8ZaGGF6YbUm2Elt3OsBV9DS11iBH1eFFmH2bIC7XeJ2b3rVJyzR-2BRZloUFJ9LISBvgwaUoi2xWmaHjIiyKaYak7c92wDtdNzi7kBDOtPtTAMRMZ4M3l7yC-2B9g5mpfP-2BOOXVls8LxvY-2FEzEJtiaxvZngB58fEPIYMm62-2B-2BkG7B-2FXWTA-3D-3D)

As a member of LAPFF, policy engagement undertaken in the quarter includes:

* APPG Just Transition Inquiry - The LAPFF-supported All-Party Parliamentary Group (APPG) for local authority pension funds’ report into a just transition was successfully launched this quarter. The APPG had undertaken an inquiry during 2021 examining the role investors can play, with the support of government, in ensuring the transition to net zero considers the social implications for employees, consumers, communities and supply chains. The APPG, chaired by Clive Betts MP, heard evidence from LAPFF members, investors, companies, trade unions and from the Climate Change Committee.
* City of London’s Taskforce on Socio Economic Diversity - LAPFF Vice Chair, John Gray, was appointed to the Taskforce’s Advisory Board this year and in this quarter, attended an in-person event to discuss several issues that both the advisory board and working groups are looking to overcome. LAPFF’s work on diversity will continue in 2022 and will incorporate aspects of socio-economic diversity alongside other aspects.

As a member of PRI, policy engagement undertaken in the quarter includes:

* Call on the UK government to reject the Cambo oil field in the North Sea, and to prevent any further investment and licenses for new oil and gas fields in the UK Continental Shelf. [See response](https://dwtyzx6upklss.cloudfront.net/Uploads/v/o/j/faothert.hon.kwasikwartengmp_179158.pdf)
* The PRI responded to the SEC's Proposed Rule, “Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers” The PRI supported the proposed rule to enhance the availability and utility of information on proxy voting, including on executive compensation. [See response](https://dwtyzx6upklss.cloudfront.net/Uploads/w/v/c/priconsultation_formnpx_442144.pdf)
* PRI Response to Department of Labor Proposed Rule Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights. The PRI supported adoption of the Proposed Rule as it provides fiduciaries the clarity and autonomy necessary to appropriately consider climate-related and other ESG factors in their investment decisions and to exercise shareholder rights in line with their fiduciary duties and overarching investment strategy. [See response](https://dwtyzx6upklss.cloudfront.net/Uploads/g/n/l/pricommentrin1210ac03_138307.pdf)
* The PRI sent letters to finance ministers of all 27 member states about alternatives to including gas-fired power and nuclear energy in the EU Sustainable Taxonomy. The PRI urged finance ministers to publicly support the consideration of alternative policy solutions to recognise gas-fired electricity and nuclear energy as transition activities outside of the EU Sustainable Taxonomy, as set out in its [position paper](https://www.unpri.org/download?ac=15189). [See full letter](https://dwtyzx6upklss.cloudfront.net/Uploads/x/u/y/letter_eu_member_states_alt_solutions_862656.pdf)
* The PRI recommended under the Ministry of Ecology and Environment of the Peoples Republic of China (MEE) consultation on enterprise environmental disclosures that the MEE should extend the scope of reporting institutions to cover all large companies, listed companies and debt issuers, require climate related targets and quantitative measures, coordinate with other financial regulators to create a consistent reporting framework across corporate and FIs, and align with other global and regional standards including the work by the IFRS Foundation and EU CSRD. See full response in [English](https://dwtyzx6upklss.cloudfront.net/Uploads/r/f/x/primeeenterpriseenvironmentaldisclosureconsultationresponse_4733.pdf)
* The PRI responded to the Association of Superannuation Funds of Australia’s discussion paper on climate change. The PRI recommended that clearer regulatory guidance is needed to enable superannuation funds to mitigate systemic climate risks, and encourages ASFA to guide superannuation funds on how to achieve net zero targets and, to that end, recommends ASFA support more effective stewardship practices. [See response](https://dwtyzx6upklss.cloudfront.net/Uploads/r/n/n/21.10.18priresponsetoasfasclimatechangerisksdiscussionpaper_117347.pdf)

**Engagement and activities undertaken directly by the fund**

The fund has undertaken the following activities during Quarter 4 of 2021.

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**Fund manager meetings**

1. Link Investor meeting
2. Longview
3. Atlas Infrastructure

**Industry meetings and events**

1. **LAPFF AGM and Business Meeting – October 2021** which covered the following areas:

* Policy
* Carbon taxes, levies, subsidies, offsets and overlap with greenwash
* Nuclear Power ad net zero
* Direct air Capture
* Mining and Human Rights
* Just Transition
* Engagement
* Quarterly engagements

1. **LAPFF Conference – December 2022** which covered the following areas:

* Just Transition (consideration of needs of communities while transitioning to a 1.5°C target economy) Say on Climate
* Forestry and seeing through Greenwashing
* Mining and Human rights – Tailings Dams
* Racial equity audits
* Care sector
* Impact of Covid
* Split voting for Pension Funds
* Climate Change – Sainsburys
* Accounting and Fraud
* COP26

1. **National LGPS Framework for Stewardship services Re-Let Meetings as founding sponsor**
2. PLSA Embedding ESG into Pension Scheme Decision Making – webinar providing detailed steps for embedding ESG into investment decisions, reporting and engaging with service providers and sponsors
3. Informa GPS Climate Summit | From Risk and Optionality to Imperative Opportunity
4. Pensions for Purpose - Paris Alignment Forum - Asset Owner Event - Climate change and pension schemes – there’s a price to pay!
5. LGPS in conversation The Investors’ Dilemma: Improving Outcomes of Sustainability Investments
6. Pensions for Purpose - Paris Aligned portfolio
7. IIGCC - Carbon Offsets webinar

**Third party supplier commitments**

Along with its investment managers, the Fund also encourages its third-party providers to part take in the industry relevant responsible investments activities and groups, to promote and consider these items. An example of the supplier commitments and activities is provided below

**Barnet Waddingham (Fund Actuary)**

Barnet Waddingham - Sustainability page [[available here](https://www.barnett-waddingham.co.uk/sustainability/)](https://www.barnett-waddingham.co.uk/sustainability/)

Barnet Waddingham is a founding signatory of the Net Zero Investment Consultants Initiative and is a member of the Pensions Climate Risk Industry Group (PCRIG). They also have a net zero pledge, with details on all the above being found under the attached link

**ISIO (investment advisory service)**

ESG Beliefs can be found under Scheme Documents: [Pension investment consultants | Isio](https://isio.com/investment-consulting/)

Isio have adopted the Impact Investing Institute [Impact Investing Principles for Pensions](http://www.impactinvest.org.uk/project/pensions)

**Northern Trust (Custodian)**

Northern Trust - Social Responsibility page - [available here](https://www.northerntrust.com/united-states/about-us/corporate-social-responsibility)

Northern Trust - Latest Corporate Social responsibility report – [available here](https://insights.northerntrust.com/story/2020-csr/page/1)

See “Selected memberships and initiatives” page for external engagement.

**Vigeo Iris (Affiliate of Moody’s)**

Vigeo Iris - Sustainability page - [available here](https://about.moodys.io/sustainability-climate)

Vigeo are part of the “Say on Climate” campaign, accounting for sustainability, Task force for Climate Related Disaster (TCFD) and was given the highest grade for tackling climate change by the Climate Disclosure Project (CDP)

**LGPS Pooling**

East Sussex are part of the ACCESS pool and all investment managers the fund invests in through the ACCESS pool need to comply with the ACCESS voting guidelines.

Examples of what should be voted for and against below:

**Vote for**:

* Adoption of Report and Accounts unless Auditors Report is qualified.
* The annual report should include a separate section that describes the work of the Audit Committee.
* All directors should be subject to regular re-election, at least every three years.
* Long term incentive schemes should be based on challenging performance targets over a consecutive period of at least three years. Therefore, performance targets for minimum rewards should be based on at least producing median performance for the industry or average market returns.
* All political donations should be fully disclosed and justified. Any political donations should be subject to a separate vote.
* The company should publish a formal statement setting out its approach to dealing with environmental issues.

**Vote against**:

* The Report and Accounts are not considered to present a true and fair view of the company’s financial position.
* The re-appointment of the auditors where the fees for non-audit work are material and exceed the fee for audit work.
* The election of an executive director, who is not subject to re-election by rotation at least every three years.
* Election of a chairman where the candidate combines the roles of Chairman and Chief Executive, unless there are exceptional circumstances e.g., a temporary arrangement, pending separation of the posts
* Proposed dividend and special dividends which are not covered by earnings and the company offers no explanation of policy.
* Annual report, where significant environmental risks in relation to the company’s activities are not disclosed or reported on or reporting is considered poor or inadequate.

# **LONGVIEW (listed equity)**

# Part of Access Pool

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| FRC Stewardship Code | Institutional Investors Group on Climate Change (IIGCC) |
| United Nations Principles for Responsible Investment (UNPRI) |  |

## **Voting**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Voteable meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 3 | 50 | 20 | 21 | 9 | 18 | 32 |

***Note:*** All data displayed is fund specific, not at fund manager level

**Resolutions voted on in this quarter**

Longview do not provide underlying quarterly voting information or their voting policy on their website. If required, this information should be requested directly from the fund manager.

## **Engagement**

Longview Partners - [Responsible Investment & Engagement Policy](https://www.longview-partners.com/wp-content/uploads/2021/04/Responsible-Investment-and-Engagement-Policy.pdf)

Longview currently send tailored ESG reports to ESPF each Quarter. 2021 Q4 Report below.

**Global Investor Statement to Governments on the Climate Crisis**

In September 2021, Longview became a co-signatory to the *“*2021 Global Investor Statement to Governments on the Climate Crisis*”*, which was delivered to government representatives ahead of the COP26 summit held in Glasgow in November. The statement has 733 institutional investors as signatories, collectively managing over US$52trillion in assets. The statement calls on governments to raise their climate ambition and implement meaningful policies to tackle climate change.

A copy of the letter can be [found here](https://theinvestoragenda.org/wp-content/uploads/2021/09/2021-Global-Investor-Statement-to-Governments-on-the-Climate-Crisis.pdf).

Company A – November 2021

Longview arranged the call to discuss Glass Lewis’s proxy voting recommendations released in advance of the upcoming Annual General Meeting,

The first issue that Longview raised was Glass Lewis’s recommendation to withhold votes for the election of the CEO and principal financial officer. Despite not being formally designated as CFO, the director is treated as such by Glass Lewis and, in their view, should report to the board rather than serve on it.

Glass Lewis also recommended voting against the election of another affiliated director, to the Board on the basis that too few of Company A’s directors are independent. Whilst we believe in the importance of board independence, we agreed with Company A that removing a valued director to meet Glass Lewis’s two-thirds cut-off would not be in shareholders' interest

Glass Lewis recommended that investors vote against the ‘Say on Pay’ advisory vote on executive compensation. Company A extended the performance period of the CEO and the founder’s stock options by three years so that they expire in 2025. Only one of seven performance criteria have been achieved thus far and the remaining six are unlikely to be achieved by the end of the original performance period.

Longview also sought to discuss the shareholder proposal which requested that the board oversee a Racial Equity Audit which would analyse “the company's impacts on non-white stakeholders and communities of colour”.

Company B – December 2021

On 3rd December 2021, Longview held a call with Company B to discuss its proposed new remuneration policy.

The first of two material changes to the policy was a proposal to reduce executives’ pension contributions to 10% of salary, bringing them in line with those of the wider workforce. Longview agreed that this is a reasonable step to take.

Secondly, Company B proposed to revise its Annual Incentive Scheme “AIS” for executives. The Remuneration Committee proposed changing the wording of the policy such that it reads “Awards are payable based on a mix of financial metrics and other business objectives”

Company C – December 2021

On 14th December 2021, Longview held a video call with Company C to cover three areas: diversity and inclusion, to raise specific questions we had to follow-up on a previous engagement regarding the company’s work with Sustainalytics and in relation to the company’s approach to combatting climate change.

Longview had a broad conversation on the topic of diversity and inclusion, covering how Company C define diversity and inclusion, who is responsible for its governance, details of the data they collect and disclose, key initiatives in place and metrics Company C use to remain accountable.

Longview gave an overview of the way in which we use Sustainalytics, emphasising its importance in providing information specifically relating to ESG.

Longview posed questions to Company C around climate change and greenhouse gas emissions. The first was why they used the phrase “will advocate for” rather than “commit to” net-zero emissions. Company C explained that they have signed up to the UN Race to Zero Campaign.

Company C expects to publish more specific data in the next two years, both on short-term opportunities to drive carbon reduction and longer-term projects, which is an important step in the right direction.

# **Newton (Diversified Growth Fund /Absolute Return)**

# Part of Access Pool

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Institutional Investors Group on Climate Change (IIGCC) |
| FRC Stewardship Code | Climate action 100+ |
| Net Zero Asset Managers Initiative | Taskforce on Climate Related Financial Disclosure |
| UN Global Compact |  |

## **Voting**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Voteable meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 11 | 143 | 126 | 13 | 2 | 130 | 12 |

***Note:*** All data displayed is fund specific, not at fund manager level

**Resolutions voted on in this quarter**

Newton do not provide underlying quarterly voting information nor their voting policy on their website. If required, this information should be requested directly from the fund manager.

## **Engagement**

Newton – Responsible investment page - [available here](https://www.newtonim.com/uk-lgps/responsible-investment/)

Newton – Quarterly Reports - [available here](https://www.newtonim.com/uk-lgps/?redirect=/uk-lgps/file/responsible-investment-report-q4-2021-uk/)

# **Ruffer (Diversified Growth Fund /Absolute Return)**

# Part of Access Pool

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Climate action 100+ |
| Transition Pathway Initiative | Institutional Investors Group on Climate Change (IIGCC) |
| Sustainability Accounting Standards Board (SASB) | FRC Stewardship Code |
| Net Zero Asset Managers Initiative |  |

## **Voting**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Voteable meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 1 | 1 | 1 | 0 | 0 | 1 | 2 |

***Note:*** All data displayed is fund specific, not at fund manager level

**Resolutions voted on in the quarter:**

Ruffer do not provide underlying quarterly voting information or their voting policy on their website. If required, this information should be requested directly from the fund manager.

**Ruffer voting guidelines and policies:**

## Ruffer – voting policy [available here](https://www.ruffer.co.uk/-/media/ruffer-website/files/downloads/esg/ruffer-voting-policy.pdf?la=en)

## **Engagement**

**Barclays**

A follow-up meeting to our initial engagement in Q3, focusing on the bank’s progress in extending its greenhouse gas emissions reduction analysis, reporting and target setting for its financing portfolio beyond the initial sector coverage, as well as board diversity and an update on succession planning following the recent CEO transition.

**Chesapeake Energy**

A wide-ranging discussion covering the company’s ESG approach following its restructuring and recent CEO appointment, as well as how the company views its role in the low-carbon transition and its progress on reporting and disclosure.

**Currys**

An introductory call with Currys’ new Sustainability Director covering a wide range of topics covered in the company’s ESG roadmap.

**Royal Dutch Shell**

A meeting to discuss the company’s climate transition strategy, including its recent announcement of absolute greenhouse gas emissions reduction targets, its carbon offsets strategies and to receive an update on its operations in Nigeria. Although we engage with Shell collaboratively as part of Climate Action 100+, this was an introductory meeting that will form part of an ongoing, individual engagement with the company.

Firmwide reports are available on Ruffer’s website [here](https://www.ruffer.co.uk/en/about-uk-institutional/responsible-investing)

# **Baillie Gifford**

# Part of Access Pool

## **Fund Manager collaborate engagement groups - links on page 27**

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|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Institutional Investors Group on Climate Change (IIGCC) |
| FRC Stewardship Code | Net Zero Asset Managers Initiative |
| Taskforce on Climate Related Financial Disclosure |  |

## **Voting**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Voteable meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 15 | 156 | 136 | 16 | 4 | 114 | 42 |

***Note:*** All data displayed is fund specific, not at fund manager level

**Resolutions voted on in quarter**

Baillie Gifford – Governance and sustainability (LGPS) – [available here](https://www.bailliegifford.com/en/lgps/esg/)

**Baillie Gifford voting policies and guidelines**

Baillie Gifford - Governance and sustainability – 2021 Principles and guidelines – [available here](https://www.bailliegifford.com/en/lgps/esg/literature-library/corporate-governance/governance-and-sustainability-principles-and-guidelines/)

## **Engagement**

Baillie Gifford - ESG information [available here](https://www.bailliegifford.com/en/uk/institutional-investor/esg/)

Baillie Gifford - Quarterly reports [available here](https://www.bailliegifford.com/en/uk/institutional-investor/literature-library/corporate-governance/voting-disclosure-company-engagement/company-engagement-report-q4-2021/)

# **Storebrand Global ESG Plus**

## **Fund Manager collaborate engagement groups - links on page 27**

## 

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Institutional Investors Group on Climate Change (IIGCC) |
| Carbon Disclosure Project | Net Zero Asset Managers Initiative |
| Climate action 100+ | Taskforce on Climate Related Financial Disclosure |

## **Voting**

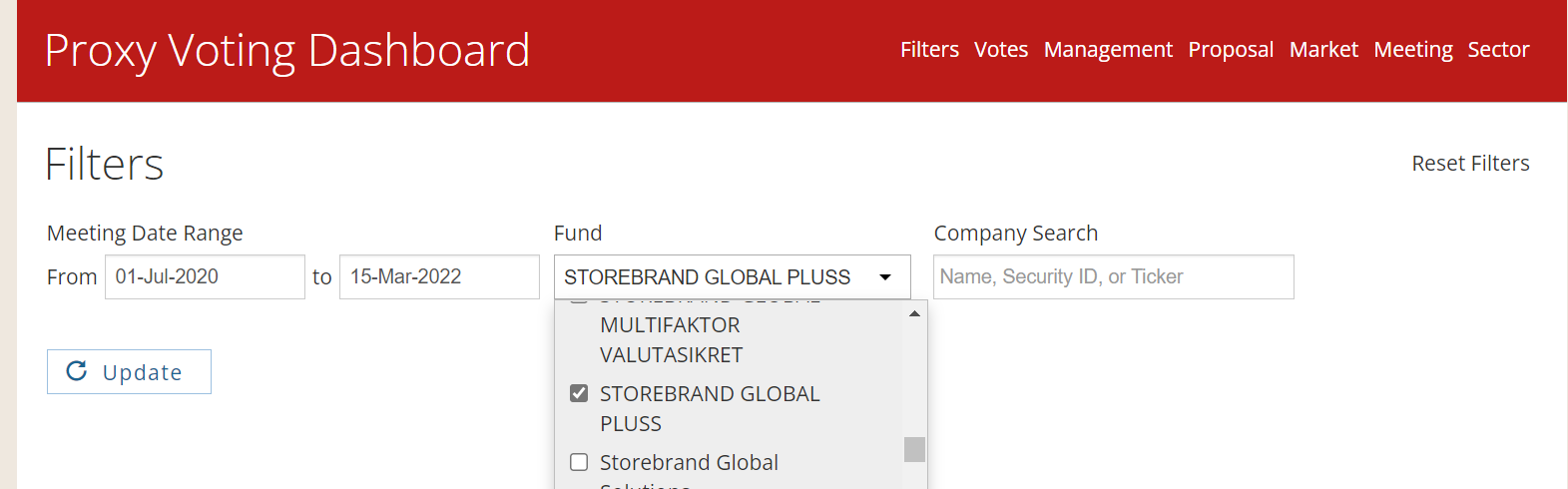
|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Voteable meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 62 | 525 | 455 | 54 | 16 | 447 | 78 |

***Note:*** All data displayed is fund specific, not at fund manager level

**Resolutions voted on in the quarter:**

Storebrand – Proxy voting dashboard – [available here](https://vds.issgovernance.com/vds/#/MTAzNjM=/)

Note: Please select ‘Storebrand Global Pluss’ in the ‘Fund’ dropdown box



**Storebrand voting guidelines and policies:**

Storebrand – Proxy voting policy – [available here](https://www.storebrandfunds.co.uk/sustainability/pioneering-sustainable-investing/active-ownership/proxy-voting/_/attachment/inline/74a16234-f40e-4057-8b72-945bc3357bd1:a9dde6f2c2100886181ed99f23e90f4743162964/Proxy_voting_guidelines.pdf)

## **Engagement**

Storebrand – Sustainability page [available here](https://www.storebrand.no/en/sustainability)

Storebrand – Quarterly Reports [available here](https://www.storebrand.no/en/asset-management/sustainable-investments/document-library)

**Wellington (Listed equity – impact fund)**

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Institutional Investors Group on Climate Change (IIGCC) |
| FRC Stewardship Code | Net Zero Asset Managers Initiative |
| Taskforce on Climate Related Financial Disclosure |  |

## **Voting**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Voteable meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 9 | 48 | 45 | 3 | 0 | 45 | 3 |

***Note:*** All data displayed is fund specific, not at fund manager level

**Resolutions voted on in the quarter:**

Wellington – Global proxy voting disclosure – [available here](https://sites.wellington.com/global-proxy-voting-disclosure/)

**Wellington voting guidelines and policies:**

Wellington – Global proxy voting disclosure – [available here](https://sites.wellington.com/global-proxy-voting-disclosure/)

Wellington Sustainability related investment Disclosures November 2021 – [available here](https://cdn-api.kurtosys.io/tools/ksys373/viewDocument?clientCode=fef6fa1c454c77f48a95017c11b4e5bbe2ec0162&filename=Wellington%20Global%20Impact%20Fund_EN_11_2021_SFDR)

**Engagement**

A Tailored report was sent to ESPF, though no engagement took place during Q4.

## **Fund Overview**

Actively managed equity fund which seeks to understand the world’s social and environmental problems. The Fund looks to identify and invest primarily in the equities of companies that Wellington believe are addressing these needs in a differentiated way through their core products and services. Through the investments, the fund seek to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change. The Wellington fund focuses on investing in the world you want to live in: focusing on investments that aim to achieve a positive social or environmental impact

# **WHEB (Listed Equity – Impact fund)**

## **Fund Manager collaborate engagement groups** **- links on page 27**

|  |  |  |
| --- | --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Institutional Investors Group on Climate Change (IIGCC) | Chemical Footprint Project |
| UKSIF | EUROSIF | FRC Stewardship |
| Carbon Disclosure Project | Net Zero Carbon 10 | B Corps |
| Climate action 100+ | The Big Exchange | Future Fit Business |
| Impact Management Project | Access to Medicines Foundation | British Standards Institute |
| Global Impact Investing Network | Net Zero Asset Managers Initiative |  |

## **Voting**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Vote-able meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 2 | 13 | 6 | 6 | 1 | 6 | 6 |

***Note:*** All data displayed is fund specific, not at fund manager level

## **Resolutions voted on in the quarter:**

Wheb – detailed voting record (October to December 2021) – [available here](https://www.whebgroup.com/media/2022/01/Appendix-1-Q4-21.pdf)

**Wheb voting guidelines and policies:**

Wheb – voting records – [available here](https://www.whebgroup.com/investment-strategy/fund-governance/engagement-and-voting-records/)

**Engagement**

Wheb – Quarterly Reports [available here](https://www.whebgroup.com/investment-strategy/fund-options/fp-wheb-sustainability-fund/quarterly-reports/)

Wheb – Impact report [available here](https://impact.whebgroup.com/impact-reports/)

# **Atlas (Infrastructure)**

## **Fund Manager collaborate engagement groups - links on page 27**

## 

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Institutional Investors Group on Climate Change (IIGCC) |
| Net Zero Asset Managers Initiative | Taskforce on Climate Related Financial Disclosure |
| FRC Stewardship Code |  |

## **Voting**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Voteable meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 5 | 54 | 52 | 2 | 0 | 52 | 2 |

***Note:*** All data displayed is fund specific, not at fund manager level

**Resolutions voted on in the quarter:**

Atlas do not provide underlying quarterly voting information or their voting policy on their website. If required, this information should be requested directly from the fund manager.

Atlas – Environmental, social and governance – [available here](https://www.atlasinfrastructure.com/esg/?region=united-kingdom&region_accept=true)

**Atlas voting guidelines and policies:**

Atlas – Responsible investment policy – [available here](https://www.atlasinfrastructure.com/wp-content/uploads/2021/05/ATLAS-Responsible-Investment-Policy-April-2021-Published.pdf)

## **Engagement**

Atlas - ESG Page [available here](https://www.atlasinfrastructure.com/esg/)

During the fourth quarter ATLAS Infrastructure continued its formal engagement with the Board and/or management of three of its portfolio companies. In each case the engagement centered on the disclosure and reporting of carbon emissions and/or the linking of remuneration with explicit climate transition objectives.

# **UBS (Passive Listed Equity)**

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Institutional Investors Group on Climate Change (IIGCC) |
| FRC Stewardship Code | Carbon Disclosure Project |
| Net Zero Asset Managers Initiative | Climate action 100+ |

## **Voting**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Number of Voteable meetings | Resolutions voted | Votes for | Votes  against | Abstained/ Withheld/ Did not vote | With management | Against management |
| 789 | 5,473 | 4,607 (84.2%) | 684 (12.5%) | 182 (3.3%) | 4,760 (87%) | 713 (13%) |

***Note:*** All data displayed is fund specific, not at fund manager level

**Resolutions voted on in the quarter:**

UBS – Proxy voting dashboard – [available here](https://vds.issgovernance.com/vds/#/MjU0/)

**UBS voting guidelines and policies:**

## UBS – sustainable and impact investing – [available here](https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing.html)

## **Engagement**

UBS - ESG Page - [available here](https://www.ubs.com/global/en/investment-bank/what-we-offer/esg.html)

UBS currently send ESG reports to ESPF each Quarter.

2021 Q4 Report shown below:

During the quarter, UBS AM carried out 108 engagement meetings with 100 companies covering a range of issues including corporate governance and business strategy, ESG related disclosures and environmental issues.

The following are some examples of our engagements during the quarter, as well as progress or outcomes from previous engagements.

**Bayer AG** Topic: Environmental management & governance UBS AM engaged with the new Supervisory Board Chairman to get a better understanding of his vision for the company and to encourage ongoing governance changes as well as an enhanced focus on environmental risk management. UBS AM encouraged the company to add a supervisory board member with agri / food skills (considering existing skills to be low) as well as to reduce its environmental impact (from its products) as well as contribute to biodiversity preservation. Bayer committed to quantify their environmental externalities of product use.

**BHP Group plc**

Topic: Climate change planning

UBS AM took part in a collective engagement call with BHP organised and hosted by the UK Investor Forum, of which UBS AM are a supporter. The company provided a clear rationale for board recommendations on upcoming shareholder resolutions. Key takeaways with regards to the company's position were: (i) BHP believe they are Paris Aligned on the basis of analysis against Science Based Targets Initiative guidance (SBTI). They have looked at a range of scenarios and how to translate the global ambition to the company level. Using the absolute contraction method they get to 30% lower by 2030. (ii) scenario analysis shows that the more the world decarbonises, the more valuable BHP becomes; (iii) Scope 3 progress is being made through sale of coal, oil & gas assets, targets on direct suppliers and shipping, focus on partnership with steel customers, and net zero ambition for 2050; (iv) capital allocation now incorporates GHG reduction targets and goals; and (v) they will incorporate Paris alignment (including 1.5D) into strategy and capex processes in 2022.

**Nike, Inc**

Topic: Corporate Governance

UBS AM had a number of governance concerns ahead of the Nike 2021 AGM, which reflected in withholding our support for the election of the Chair of the Audit Committee as well as the Say-on-pay vote. Our concerns related to a lack of refreshment of the Board and its key committees over time, the conditions of performance-based pay, the retention of a dual-class share structure and a classified Board. UBS AM engaged with the company on these issues, however while the company showed a willingness to listen to our views, no commitment was received to address any of the concerns identified. UBS AM intend to continue our dialogue, and will be additionally discussing issues related to human rights, which were highlighted at the AGM through shareholder proposals which received strong overall support.

**Rio Tinto plc**

Topic: Climate change

UBS AM were co-lead investor in this CA100+ coalition call with Rio Tinto in regard to their recent announcement of raised GHG reduction targets. It is clear that the company has made a strong step forward which is backed by capital investment plans. There is also an emerging organisational structure that supports planning for decarbonisation across business units as well as dedicated steel, renewable and technology teams. A key issue is Scope 3 which for Rio Tinto mostly means emissions from steel mill customers and aluminum processing and smelting. While the company has set a target of 30% reduction by 2030 UBS AM continue to believe there is more that the company can do on this issue, and it remains an ongoing point of investor engagement.

# **Schroders (Property)**

## **Fund Manager collaborate engagement groups - links on page 27**

## 

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Institutional Investors Group on Climate Change (IIGCC) |
| Carbon Disclosure Project | Net Zero Asset Managers Initiative |
| Climate action 100+ | Taskforce on Climate Related Financial Disclosure |

## **Engagement**

Schroders - Sustainability page [available here](https://www.schroders.com/en/uk/realestate/insights/topic-landing-page/?categoryId=858408)

Schroders - Quarterly sustainable reports [available here](https://www.schroders.com/en/sustainability/active-ownership/sustainability-analysis-in-practice/)

No Notable engagement took place in the October to December Quarter

# **Infracapital (Infrastructure)**

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| Institutional Investors Group on Climate Change (IIGCC) | Investors Forum |
| Financial Reporting Council | UK Sustainable Finance and Investment Association |
| ILPA Diversity in Action Initiative | Climate action 100+ |
| Carbon Disclosure Project | Climate-wise Disclosures |

## **Engagement**

Infracapital - Responsible Investment approach including ESG engagement [available here](https://www.infracapital.co.uk/dam/infracapital/shared/en/documents/Infracapital-Approach-to-Responsible-Investment.pdf)

# **Pantheon (Infrastructure)**

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Taskforce on Climate Related Financial Disclosure |
| Sustainability Accounting Standards Board (SASB) | RepRisk |
| Initiative Climate International (iCI) |  |

## **Engagement**

## Pantheon - ESG Page [available here](https://www.pantheon.com/corporate-responsibility/)

Pantheon - ESG Reports [available here](https://pantheon-ventures.foleon.com/esg-report-2021/esg-and-corporate-responsibility-at-pantheon/introducing-our-esg-committee/)

# **M&G (Fixed Income)**

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| Institutional Investors Group on Climate Change | Investors Forum |
| Financial Reporting Council | UK Sustainable Finance and Investment Association |
| Diversity in Action Initiative | Climate action 100+ |
| Carbon Disclosure Project | Climate-wise Disclosures |

## **Engagement**

## M&G - Sustainability page [available here](https://www.mandg.com/sustainable)

M&G - Responsible Investment & Reports [available here](https://www.mandgplc.com/our-business/mandg-investments/responsible-investing-at-mandg-investments)

# **Adams Street (Private Equity)**

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| United Nations Principles for Responsible Investment (UNPRI) | Taskforce on Climate Related Financial Disclosure |
| RepRisk | Initiative Climate International (iCI) |
| Science based targets Initiative |  |

## **Engagement**

Adams Street - Responsibility page [available here](https://www.adamsstreetpartners.com/responsibility/)

Q4 ESG Report available Mid-April

# **Harbourvest (Private Equity)**

## **Fund Manager collaborate engagement groups - links on page 27**

|  |  |
| --- | --- |
| Diverse Alternative Investment Industry Statement | Taskforce on Climate Related Financial Disclosure |
| Initiative Climate International (iCI) | Diversity in Action Initiative |
| United Nations Principles for Responsible Investment (UNPRI) |  |

## **Engagement**

No Engagement received for this quarter

Harbourvest – Annual ESG report [available here](https://www.harbourvest.com/why-harbourvest/corporate-responsibility)

Harbourvest – TCFD progress report [available here](https://viewpoints.harbourvest.com/2020-esg-report/climate-change-strategy/)

# **Engagement Group Links**

[**Access to Medicines Foundation**](https://accesstomedicinefoundation.org/)

[**B Corps**](https://www.bcorporation.net/en-us/)

**[British Standards Institute (BSI)](https://www.bsigroup.com/en-GB/)**

[**Chemical Footprint Project**](https://www.chemicalfootprint.org/)

**[Climate Action 100+ (CA100+)](https://www.climateaction100.org/)**

**[European Sustainable Investment & Finance Association (EUROSIF)](https://www.eurosif.org/)**

**[Financial Reporting Council Stewardship Code (FRC)](https://www.frc.org.uk/)**

[**Future Fit Business**](https://futurefitbusiness.org/)

**[Global Impact Investing Network](https://thegiin.org/)**

**[Global Real Estate Sustainability Benchmark (GRESB)](https://gresb.com/nl-en/)**

**[ILPA Diversity in Action Initiative](https://ilpa.org/ilpa_diversityinaction/)**

[**Impact Management Project**](https://impactmanagementproject.com/)

[**Initiative Climate International (ICI)**](https://www.international-climate-initiative.com/en?redirected=1)

**[Investors Forum](https://www.investorforum.org.uk/)**

[**Local Authority Pension Fund Forum (LAPFF)**](https://lapfforum.org/)   
  
[**Net Zero Carbon 10**](https://netzerocarbon.earth/)

[**Net Zero Asset Managers Initiative**](https://www.netzeroassetmanagers.org/)

[**RepRisk**](https://www.reprisk.com/)

[**The Big Exchange**](https://www.bigexchange.com/)

[**Transition Pathway Initiative (TPI)**](https://www.transitionpathwayinitiative.org/)

[**Sustainable Accounting Standards Board**](https://www.sasb.org/)

[**UK Sustainable Investment & Finance Association (SIFA)**](https://uksif.org/)

[**UN Global Compact**](https://www.unglobalcompact.org/)

[**United Nation Principals for Responsible Investment (UNPRI)**](https://www.unpri.org/)