WORK IN PROGRESS

GREATER MANCHESTER / MERSEYSIDE / WEST YORKSHIRE

STEWARDSHIP REPORT
Q3 2020

NorthernLGPS
The Collective Asset Pool for Greater Manchester Merseyside and West Yorkshire Pension Funds

INTRODUCTION

NO MORE ANTI-SOCIAL INVESTING

While 2020 has been dominated by the Covid-19 pandemic, in many countries cases fell back significantly during the summer months, thankfully mirrored by a sharp reduction in fatalities. It was not an even picture, with different parts of the globe experiencing large numbers of cases at different times, and US being one country that struggled to significantly and consistently reduce the number of cases.

Nonetheless, as a result of the improved situation in many areas, we have seen lockdown restrictions eased and a gradual re-opening of businesses and other organisations. In addition, the expansion of testing has enabled public authorities to have a much better grasp of where problems are and may arise in future. In turn, confidence improved during the quarter in some markets, most notably the US, even despite the continuing public health challenge there. By the end of the summer the Dow had regained most of the value lost during the spring.

The gradual reopening also led to a renewed focus on how Covid-19 and the reaction to it has affected society, and how lasting the impact might be. The nature of work loomed large in this discussion, and in a number of different ways.

On one hand there has been a greater focus on the importance of lower-paid and lower-status jobs that have been vital to keep our societies moving. Care workers, delivery drivers, warehouse operatives, workers in food processing and others have proven how critical they are, and this may feed through into demands for higher pay and more secure employment once the immediate threat of Covid-19 has passed.

On the other, over the summer a range of business and political figures have been increasingly vocal in their criticism of the widespread shift to working from home by white collar employees. High-profile figures like former Patisserie Valerie chair Luke Johnson and Conservative peer Dame Helena Morrissey have warned that companies that have learnt that many roles can be performed from home may further consider that they can offshored.

It's important to remember how significant this shift has been, and not only on investee companies but on investors themselves. For many financial institutions, the large majority of employees have been working remotely through the pandemic. As we discussed in our last report, this has had some positive impacts, such as enabling greater engagement opportunities with companies in some cases.

It currently remains the case that large

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numbers of employees are working from home, with all the positives and negatives that this brings with it. It seems likely that the shift to home working brought about by the pandemic has accelerated a shift to more remote working. While there will inevitably be a return to the office for many when the immediate risk of Covid-19 has reduced, we expect working from home for at least part of the week to become much more common.

Therefore it is important for those of us who take Responsible Investment seriously to think through what this means for the workforce in investee businesses. Aside from the risk of companies using this as an opportunity to reduce labour costs through off-shoring ESG issues arising from this include employee mental health and wellbeing.

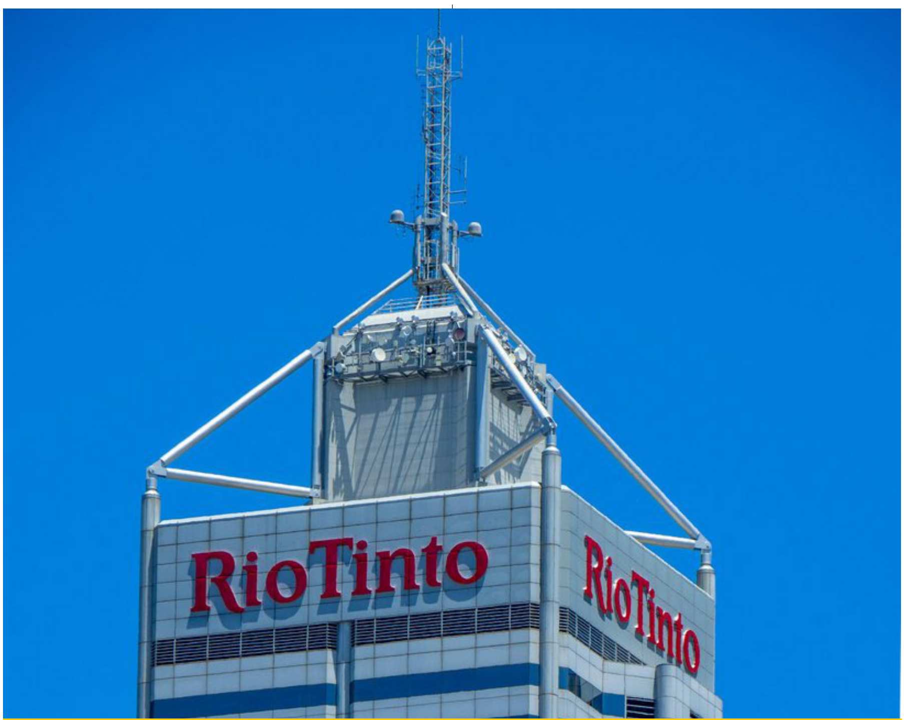
As such, we expect that workplace issues will remain an important area of ESG engagement activity as the pandemic continues. In an environment of a continuing health risk to workers, large numbers of furloughed staff and dividend cuts it is clear that investors will monitor company responses very carefully.

More broadly, this feeds into a sense that the S in ESG is finally coming into sharper focus. After years of being neglected in much RI activity we are seeing increased interest. This is an area on which NLGPS is putting considerable emphasis, and we hope that once we emerge from this pandemic investors can work collectively to improve corporate behaviour. Therefore in this report we look at a number of important 'S' stories from the last quarter.

There is an upside too. It is clear that changes to working practices may offer investment opportunities. A position in Zoom will have paid off handsomely this year, for example.

Finally, investors are also acutely aware that the pandemic is not over. There was a growth in cases at the end of the summer, which may herald a second wave. If this does occur it will be important that lessons learned in the Spring are applied, especially when it comes to the safety of employees. It will also likely mean that for ESG and other investment staff remote working remains the norm for a number more months to come.

There is still a long road ahead.



"It is now clear that what led to the catastrophic destruction of Juukan Gorge was not a result of a breakdown of procedures but a result of the enormous cultural and values deficit within Rio Tinto."

Rio Tinto board implosion

At the February meeting of the joint committee of the NLGPS, a major part of the ESG section of the agenda was given over to the importance of stakeholder engage- ment. This was prompted by the publica- tion of a report on the topic by our RI adviser PIRC, which highlighted potential risks to companies, and by extension their investors, of not treating affected stakeholders fairly.

Events in the summer showed the merit in taking these risks seriously, as the board of Rio Tinto was engulfed by the reaction to the company's destruction of cultural significant sites in western Australia, and key members were forced to step down. In September, the mining company announced that CEO Jean-Sebastien Jacques, would stand aside along with two other senior executives, the heads of Rio Tinto's iron ore and corporate relations divisions.

The board overhaul, which will take place at the end of the year, follows months of pressure from investors and groups representing indigenous people of the Pilbara region of western Australia where Rio blew up two ancient caves in the Juukan Gorge.

In the immediate aftermath of the blasts, Rio Tinto issued an apology to the Puutu Kunti Kurrama and Pinikura peoples who had opposed the explosions. Yet, the mining company maintained the explosions were lawful and appeared to hope the matter would simply disappear.

However, the Australian government was forced to hold a parliamentary inquiry following investor pressure, including the Local Authority Pension Fund Forum (LAPFF). This revealed that Rio bosses had failed to read reports that would have made clear the impact of explosions on such culturally significant sites.

During the inquiry, lawyers said Rio made "active decisions" to support the blast going ahead, adding: "It is now clear that what led to the catastrophic destruction of Juukan Gorge was not a result of a breakdown of procedures but a result of the enormous cultural and values deficit within Rio Tinto."

In response, the mining company

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said it would cut executive bonuses. It's interesting to note that whilst this kind of gesture might have reduced pressure from some investors in the past, it was seen as far too limited in 2020. In addition, it inevitably raised the question of how much financial value companies put on major corporate controversies. Ultimately, in September Rio announced the removal of some of its most senior board members.

Whilst we recognise the difficulties companies face in navigating these issues, we believe that Rio Tinto reached the right decision. In conjunction with LAPFF and PIRC, we are increasingly focused on how companies impact the communities in which they are based.

It is clear companies can have a major positive influence when they behave responsibly, and we continue to encourage that. However, the devastation wreaked when organisations fail to consider their social impact was made horribly clear in the Juukan Gorge, and this follows other major failings by companies in the mining sector.

LAPFF has been increasingly active on these issues, for example on tailings dams failures, and we envisage that this will an area of work that will grow in the years ahead. Stakeholder engagement has never been more important.

Food workers on the frontline

With lockdown lifted there was some hope for a return to normality despite the ongoing Covid-19 pandemic. However, there were still well over 23 million reported cases of the virus worldwide and just over half a million deaths during the quarter. While national lockdown reduced the number of cases, coronavirus is far from under control and while the world awaits a vaccine, there will be significant struggles ahead.

With growing concern, NLGPS has been monitoring the high rates of the virus among employees in the food processing industry. As we covered in the last newsletter, this sector has been prone to disproportionate outbreaks and NLGPS continues to engage with companies to improve conditions in processing plants and factories.

In July NLGPS responsible investment adviser PIRC held a webinar for members which gave an overview of the financial impact of the pandemic on the sector. Hosted by PIRC analyst Alice Martin, the webinar included a presentation by Magaly Licolli, co-founder of Venceremos an organisation representing poultry line workers in the US.

The webinar gave insight into the safety risks and operational challenges, and transparency of data on Covid-19 cases and fatalities. This latter point remains a real concern given likely underreporting of Covid-19 cases in official Health and Safety Executive (HSE) data.

A PIRC sector briefing on the food processing industry published in September revealed that there had been at least 1,461 Covid-19 cases in food manufacturing in the UK, and six fatalities. This contrasted sharply to the HSE figures which show only 47 Covid-19 cases in the sector up to 8 August, with zero fatalities.

This disparity stems from the way in which companies are allowed to report coronavirus cases under the HSE's Reporting of Injuries, Diseases and

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Dangerous Occurrences Regulations (RIDDOR). The updated regulations say employers can 'make a judgement, based on the information available, as to whether or not a confirmed diagnosis of Covid-19 is likely to have been caused by an occupational exposure'. Effectively this gives companies room to decide if an employee contracted the virus at work.

The low levels of food processing cases in the RIDDOR data show that companies are not reporting cases as workplace infections. In practice companies have tended instead to argue that cases originated in the community and were only identified in the workplace.

However the HSE itself notes: "RIDDOR suffers from under-reporting. Not all employers report cases as required under the regulations. However, as there is no reliable estimate of the number of occupational COVID-19 cases, it is not possible to quantify the extent of under-reporting. [...] in terms of reporting workplace non-fatal injuries, it is estimated that around half of RIDDOR reportable injuries to employees are reported to the enforcing authorities (for self-employed the proportion is substantially less). It is likely that disease reporting is lower."

Given the prevalence of Covid-19 clusters in food processing sites, it seems fair to question to whether at least some have been the originators of Covid-19 outbreaks which then spread to local communities, rather than the other way around. Figures from the European Centre for Disease Prevention and Control covering March to July found that the food processing sector was second only to the care homes and hospitals for workplace outbreaks .

Among the reported cases in September, Scottish abattoir Millers was linked to 30 out of 33 cases in the Grantown community on Speyside. An employee of Aunt Bessie's Hull factory died from the virus, while Kettle Produce in Fife, recorded seven workers with the disease. A Greggs factory at Balliol Business Park was unable to confirm how many of its 300 staff have tested positive, while 18 employees were confirmed to have the virus at a Bernard Matthews' plant near Halesworth, Suffolk. During the summer, the Greencore plant in Northamptonshire and the 2 Sisters factory in Llangefni Wales were shut down.

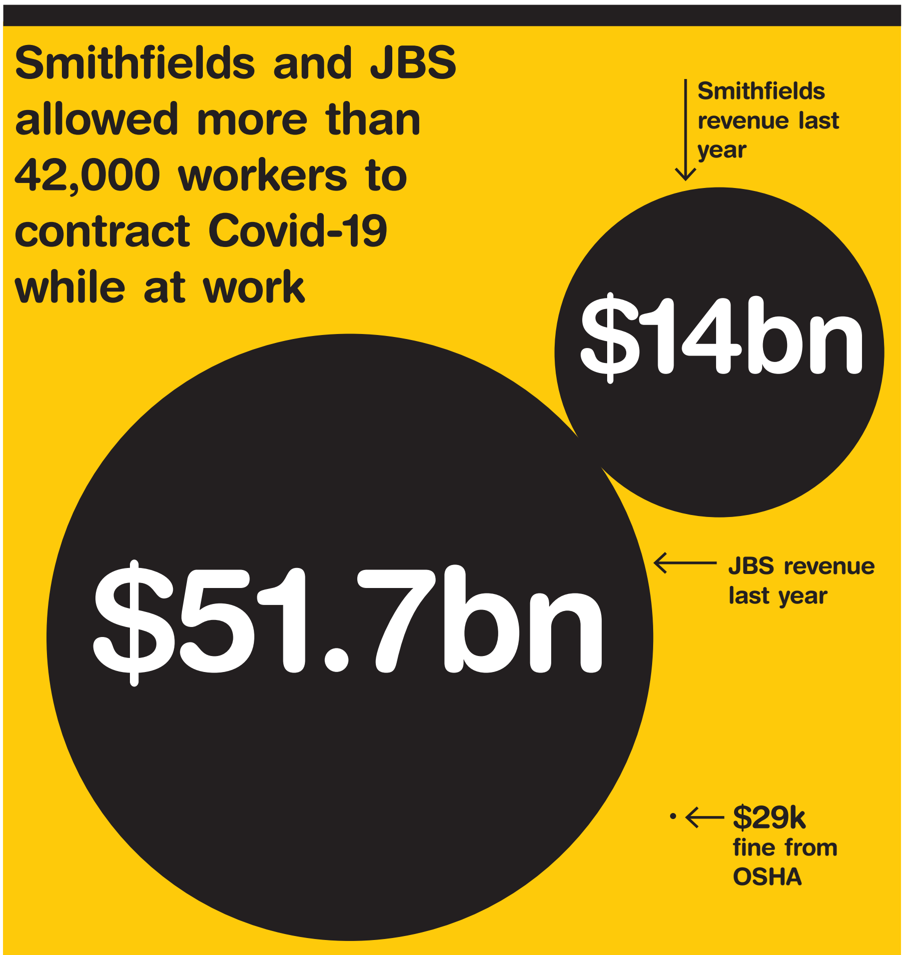
And the outbreaks at food processing plants are not restricted to the UK. A seafood manufacturer in Oregon reported a record-breaking 457 people testing positive for Covid-19. There were a further 78 cases at Kasia, a Japanese sandwich manufacturer. In Germany this July, a huge Covid-19 outbreak in Gütersloh, North Rhine-Westphalia saw 1500 of 7000 workers test positive for the virus, and 640,000 residents of two affected counties were returned to lockdown conditions. Further, at one of Portugal's biggest poultry slaughterhouses, at least 129 of the 300 workers contracted Covid-19.

As the BMJ reports, slaughterhouses and meat processing plants are favourable environment for spreading the disease. Covid-19 thrives in lower temperatures, workers are packed in on production lines making social distancing difficult, and they must speak loudly or shout over the noise, releasing more droplets and spreading them further.

Unfortunately, it appears that the authorities have been slow to act in enforcing suitable hygiene measures in food processing plants. At the same time, in instances where companies have been found to breach health and safety rules, the punishments have been light and NLGPS believes they act as little deterrent.

In September, the US Occupational Safety and Health Administration (OSHA) fined two of the biggest meat processing companies - Smithfields and JBS - USD29,000 (£24,200) for allowing more than 42,000 workers to contract Covid-19 while at work. To give the fine some context; Smithfields made $14bn in revenues last year while JBS made $57.1bn.

With weak regulatory oversight and derisory fines, we believe investors must continue to engage with companies in the food processing sector to ensure they improve working conditions for employees to reduce the spread of disease. If investors are going to take the S in ESG more seriously, protecting the health of workers in an industry we all depend on is a good place for us to focus. Our engagement will continue.



OTHER NEWS

Covid-19 crisis in care homes

Care homes have borne some the worst of the coronavirus outbreaks since the pandemic began and this quarter was no different. As of September, more than 30% of the total Covid-19 cases were reported at care homes according to the Office for National Statistics.

During the quarter, the UK's largest care home operator, HC-One, closed 70 homes to visiting; Care UK had reported cases at 19 of its 124 care homes; while Barchester Healthcare reported nine outbreaks at its 240 care homes .

While the high rates of Covid-19 in the long-term care sector are explicable to some degree through the nature of care-home work and the age of residents, there are increasing concerns that not enough is being done to protect employees and those they care for.

According to government figures, Covid-19 has created an extra £6bn in costs for the care home sector , which is compounded by many millions of pounds in lost income.

Meanwhile scrutiny of the sector has increased, and, despite the lack of publicly-owned care home operators in the UK, investors may have exposure to overseas operators, and via private markets.

In the latter case, there has been some critical coverage already. Reports in the financial press this quarter found that private-equity buyouts of nursing homes are 'linked with higher patient-to-nurse ratios, lower-quality care, declines in patient health outcomes and weaker performance on inspections'.

In some instances local authorities may find that their exposure to reputational and financial risks from the sector has multiples elements - as investors in private equity funds that have ownership of homes, but also as commissioners of care provision. Given that the crisis has led to renewed coverage of relatively low pay, and insecure employment, for many care workers we expect ESG interest in the sector to grow.

Sector	Non-fatal cases	Fatalities
Human health activities	3,911	67
Residential care activities	3,230	49
Social work activities without accommodation	185	4

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No tears for boohoo

Probably the most high-profile workplace-related story in the UK this summer involved fast fashion chain boohoo, which had an eventful quarter following reports in the Sunday Times accusing the retailer of modern-day slavery.

In July fund manager Aberdeen Standard, boohoo's largest backer, cut its investment from the company, claiming it had dealt with exploitation allegations 'unsatisfactorily'. At the same time, the board commissioned an independent inquiry to be led by Alison Levitt QC.

In September Ms Levitt reported back finding widespread evidence of unacceptable conditions at some of its suppliers. The document described Boohoo's monitoring of factories as "inadequate" because of "weak corporate governance" and called the failure to assess the risk to workers during the coronavirus pandemic "inexcusable". Most notably, the report stated that the board new at the end of 2019 at the latest that there were significant issues in its supply chain. This was not least because it had been warned by a consultant that audited its practices that there was a media story waiting to happen.

boohoo has since promised to improve employment standards, but this was not enough to prevent the retailer's incumbent auditor PwC from declining to re-tender for audit work. To date none of the other Big Four firms have been willing to take PwC's place.

While NLGPS was not an investor in the retailer, we have watched the story with interest. Many were surprised to see that some asset manager investments in boohoo were held in funds bearing the ESG tag. According to FE Fundinfo, the ASI UK Impact Employment Opportunities fund, which has an objective to invest in companies that "promote and implement good employment opportunities and practices, had a 3.4% exposure to Boohoo.

Meanwhile the ASI UK Ethical Equity fund invests 4.7% of the portfolio to the retailer and the ASI UK Responsible Equity fund invested 3.6%. Finally, the Premier Ethical fund also had a 3% allocation.

This serves as a reminder that even ESG-labelled funds can miss important ESG risks. It was certainly the case that risks in the garment manufacture supply chain in Leicester had been highlighted long before the Sunday Times report this year.

boohoo had been instructed to talk to retail workers union USDAW by the parliamentary Environmental Audit Committee following previous reporting by the Financial Times but had not done so. In July the current chair of the committee Philip Dunne MP wrote again to the company seeking further information on its workforce practices and approach to union recognition and collective bargaining.

Its notable that in response to both the Levitt review and the renewed parliamentary interest in boohoo, there has been no change in the composition of board. This appears out of kilter with emerging expectations of board accountability, and as such it would not be surprising to see the board face further investor pressure.

For our part, NLGPS hopes the boohoo scandal serves as reminder to investors to engage with employees as well as executives when trying to assess potential employment-related ESG risks.

Climate focus:

Write-downs change the picture

Climate change continues to be a significant area of the RI work that NLGPS is involved in, both on its own and through LAPFF and other collaborative initiatives. This year we have seen the financial backdrop to this work change significantly. Plummeting oil prices since the start of the year following over production compounded by travel bans and a global lockdown have forced fossil fuel companies to write down billions of dollars of assets over the summer.

In July Shell announced it would wipe USD22bn from its oil and gas assets, while Total revealed an $8bn write-down in the same month. These announcements came just two weeks

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after BP predicted it would have to write down $17.5bn from its assets. Analysis from Carbon Tracker reported in August showed companies including Royal Dutch Shell, BP, Total, Chevron, Repsol, Eni and Equinor have reported downgrades on the value of their assets totalling almost $55bn.

Industry and market analysts predict this is just the beginning of a wave of write downs as the sector not only responds to the Covid-19 pandemic, but a transition to a carbon neutral environment.

ESG analysis of and activity within the sector must be multi-faceted, and work undertaken by NLGPS encompasses not only voting and engagement with companies, but also engagement in public policy.

However, for investors as a specific group of stakeholders the financial reality is clearly very important. These write downs are another strong indication of the challenges to companies in the fossil fuel industry. For some time we have engaged with oil and gas companies and asked for them to better disclose the risk that current or planned developments may become liabilities, also known as stranded assets.

In addition, we are supporting action to promote improved financial reporting in relation to climate change, through initiatives like the Taskforce on Climate Related Financial Disclosures (TCFD) and the Institutional Investors Group on Climate Change (IIGCC). The write-downs this summer only serve to demonstrate how important this aspect of our climate work is.

NLGPS has committed to being carbon neutral by 2050 in line with the Paris agreement on climate change. As part of that commitment we engage with fossil fuel companies to encourage them towards more responsible and environmentally friendly energy sources. It is clear the energy industry is in a state of flux and we will carefully monitor investment all opportunities that are in line with our goals across the sector, as well as engaging with existing investee companies.

Targeting climate lobbying

Given the importance of public policy in shaping the regulatory environment in which companies operate, membership of industry lobby groups that engage in activity which attempts to negatively impact climate policy has become of greater interest to investors. An increasing amount of information is now available to inform RI activity relating to lobbying.

Research from InfluenceMap found that Australia's most influential industry associations are having an overwhelmingly negative impact on climate policy, with 75% of the groups assessed taking positions against climate regulations while promoting a pro-fossil fuel agenda.

As part of our commitment to the Paris Agreement on climate change, NLGPS has advocated that companies be more transparent in their membership of lobbying groups, and to take action to reform those with agendas that run counter to companies' own policy positions on climate risk.

By taking a positive stance on this issue, shareholders have been able to direct real change. Last quarter investors including NLGPS succeeded in forcing energy company Woodside to review its membership of the Australian Petroleum Production and Exploration Association, which lobby government on behalf of fossil fuel production. This is also an important aspect of our voting activity, where we have supported shareholder resolutions calling on companies to review such memberships. A notable case involved BHP last year.

However, there is still work to be done. InfluenceMap's research tracks the relationships between industry associations and their corporate members to give a relative measure of the 'indirect impact' individual companies are having on Australian climate policy via third-party lobbyists.

Several companies which are widely held by institutional investors, including international mining conglomerates BHP, Rio Tinto, and Glencore, were found to be the top three in terms of indirect negative impact, with pure-play coal companies Yancoal and Whitehaven, and oil and gas companies Santos, Woodside, and Shell also making the top ten.

CFTC highlights climate risks

US financial regulators will need to take climate related risks into consideration if recommendations published by the Commodities and Futures Trading commission (CFTC) are adopted.

A report compiled by a subcommittee of delegates from banks, fund managers, commodities and energy companies and environmental organisations on behalf of the CFTC, which oversees the derivatives markets in the US, made comprehensive suggestions to prepare the global financial system for a transition to a lower carbon economy.

Reaching outside its remit of futures and swaps, the CFTC made suggestions for regulators across the US financial system including changes in corporate disclosure, investments and central bank asset purchases, which are typically the domain of other federal agencies.

Among the 53 recommendations, CFTC proposes:

- The US should establish a price on carbon. It must be fair, economy-wide, and effective in reducing emissions consistent with the Paris Agreement.
- US regulators should join, as full members, international groups convened to address climate risks.
- Financial supervisors should require bank and nonbank financial firms to address climate-related financial risks through their existing risk management frameworks in a way that is appropriately governed by corporate management.
- Financial authorities should consider integrating climate risk into their balance sheet management and asset purchases, particularly relating to corporate and municipal debt.
- US authorities and financial regulators should review relevant laws and provide any clarity to confirm the appropriateness of making investment decisions using climate-related factors in retirement and pension plans covered by the Employee Retirement Income Security Act.

NLGPS welcomes the CFTC recommendations as part of a necessary improvement in the way financial regulators and providers understand and manage climate risk.

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Why audit matters

For many in the ESG world, there is a working assumption that the G – governance – has been dealt with. Markets have well-understood governance rules, and investors in companies that choose not to adhere to voluntary or 'comply or explain' guidelines take their own chances.

However, the truth is not so simple. In reality rules relating to the G in ESG go through ongoing review and revision. We only need to see how often the UK Corporate Governance Code, one of the leading examples globally, has been updated, often in a significant way. And even one of the most mainstream topics with the G, audit, continues to be a source of major disagreement and controversy.

During 2020 we have seen numerous cases where audit firms have faced significant criticism, and in some cases legal claims, in relation to businesses that have failed or faced other challenges. This is something we expect to see continue, particularly if Covid-related business failures reveal more unpleasant surprises for investors.

Grant Thornton faces potential legal action as administration company FRP Advisory has hired law firm Mishcon de Reya to explore a claim relating to the auditing of Patisserie Valerie. The café and bakery chain collapsed last year after the discovery of a £40m hole in its accounts. Grant Thornton is already appealing a case that it failed to adequately audit the accounts of AssetCo, resulting in a £120m damages bill.

Amongst the Big Four audit firms, EY faces a number of challenges as it is embroiled in three financial scandals at NMC Health; Luckin, China's largest coffee chain; and German payments company Wirecard.

Questions over the accounting of Patisserie Valerie. The café and bakery chain collapsed last year after the discovery of a £40m hole in its accounts.

EY was auditor at all three companies which have since been investigated for financial irregularities and potential fraud. In the case of NMC, which revealed multi-billion undisclosed borrowing facilities, reports claim EY enjoyed a cosy relationship with its client – which included having former partners on the NMC board. It had also undertaken some non-audit work of substantial value.

More recently, EY has been caught up in the Wirecard scandal in which the company reported $2.1bn in fictitious cash. Despite being the Wirecard's auditor for a decade, EY did not sound the alarm until 2019 when it refused to sign off the payment provider's accounts.

Investors rely heavily on robust auditing and accounts to help them make decisions on the validity of a potential investee company. In the absence of reliable reporting, individuals and institutions are vulnerable to the fallout from financial fraud and scandal.

NLGPS takes these issues extremely seriously which is reflected in our voting activity. In conjunction with PIRC we rigorously assess the governance of all the companies in which we invest, including the independence of auditors.

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Factors we take into account include auditor tenure and the value of audit work undertaken. In the case of both NMC and Wirecard governance analysis led us not to support EY's reappointment on a number of occasions, and in the case of NMC we also opposed several board members.

We believe that this is an area where investor stewardship is currently often very weak. Analysis undertaken by PIRC of the 2018 voting records of a number of large asset managers in relation to FTSE350 companies revealed that most support the overwhelming majority of auditor appointments even when there are potential independence flags. In some cases managers had not opposed a single auditor appointment during the year. Whilst it is reasonable to question where the line should be drawn, 100% support would not seem to be justified.

Therefore, we believe that the robust voting position on auditor appointments that NLGPS has adopted can offset deadweight of routine support offered by some investors. With the auditing profession under a cloud as a result of recent scandals, NLGPS will continue to take a more challenging stance across our entire portfolio.

Engaging with major holdings: Serco

During Q3 NLGPS held a call with Sir Roy Gardner, Chair of Serco plc, to discuss the impact of Covid-19 on the company's operations and measures taken by Serco to mitigate the impact the pandemic. Representing NLGPS, Tom Harrington questioned Sir Roy on the steps taken to protect employees from infection as well discussing the broader public health argument for full disclosure of infection rates across all industries and sectors. Tom also pressed the company over concerns relating to managing infections among the prison populations of which it operates, specifically in Australia.

SercoGroup operates private prisons in Western Australia, Queensland, New South Wales and Adelaide and has also provided immigration services on behalf of the Australian immigration department since 2009. Prison populations are particularly vulnerable to covid outbreaks because of a number of environmental factors that include the difficulty for prison populations to social distance adequately along with the added difficulty of managing detainees with a pre-existing vulnerability to the virus. On 19 March 2020, there were reports that a Serco guard had tested positive for Covid-19. And that detainees who had been in contact with that guard had not been tested for the virus.

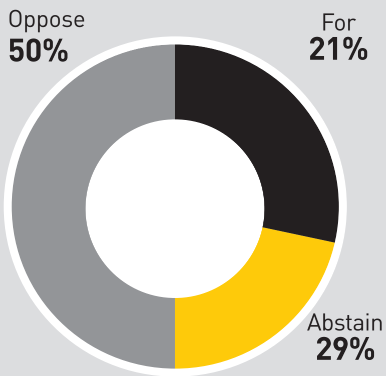
In response, Tom Harrington sought clarification over the extent to which Serco had introduced paid pandemic leave to allow workers to self-isolate if they test positive as well as details regarding the development of the company's pandemic plan – areas in which questions had been raised through local media but that Serco representatives remained unwilling to elaborate on.

Ultimately, Serco being one of NLGPS larger holdings, the engagement served to ensure the company continues to be doing everything possible to protect the interests of all of their stakeholders during what is undoubtedly a difficult operating environment as well as to impress upon the company NLGPS resolve to maintain responsible stewardship practices.

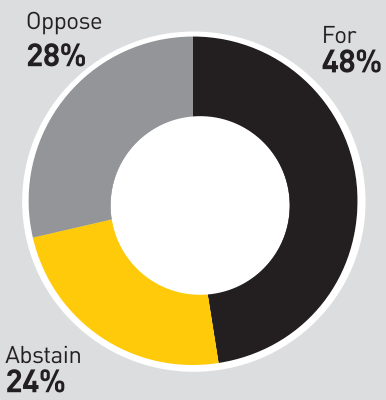
NLGPS has further engagements with major holdings scheduled for later in 2020.

Q3 VOTING & ENGAGEMENT REVIEW

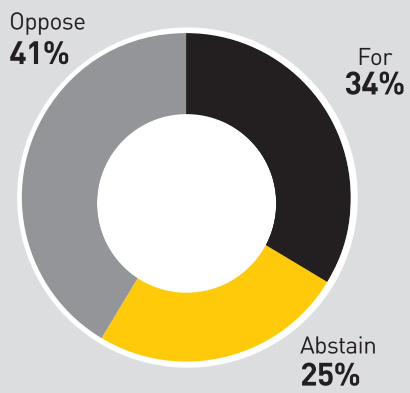
Votes on remuneration policy,



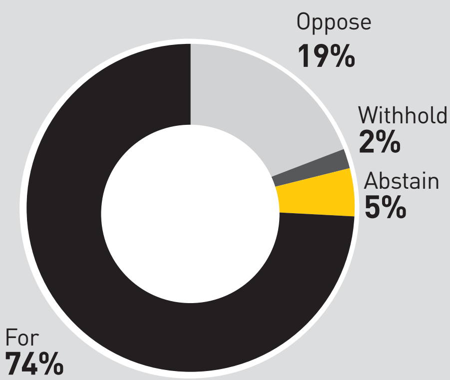
Votes on remuneration reports,



Auditor appointments, Q3 2020



Director elections, Q3 2020



Despite being a quieter period in terms of numbers of meetings, we continued to challenge companies through active and informed voting during Q3.

The entire NLGPS voting record, disclosing all votes on all resolutions at all companies, is available online in a searchable database.

Director elections

Director elections are the most numerous resolutions we vote on each quarter. During Q2, NLGPS voted on the election of 2,014 directors. In total, 74% of directors were supported, with 19% opposed. In the remainder of cases NLGPS abstained or withheld support.

There were significant votes against directors at companies including Electronic Arts, Microchip Technology and McKesson in the US. In Europe there were significant votes against directors at companies such as UbiSoft, including a vote against the combined chair/CEO, Vodafone, Biffa, Ferrexpo and FirstGroup.

Executive remuneration

Overall, NLGPS opposed companies on advisory votes on remuneration in 28% of cases, abstained in a further 24% and supported 48%. Oppose votes on remuneration policies stood at 50%, compared to 21% abstain and 29% for.

There were major votes against executive pay in the US market in Q3 at companies including Norton LifeLock, Electronic Arts and DXC Technology. We opposed in all cases. In Europe there were significant votes against executive pay Siemens Gamesa Renewable Energy, Prosus, Davide Campari Milano and Iliad. We opposed in all cases. In the UK there were large votes against companies including Wizz Air, Pearson, JD Sports and Investec. Again we opposed or abstained on resolutions receiving high votes against.

Auditors

During Q3 we voted against 41% of auditor appointments, typically in response to high levels of non-audit work being under-taken or long tenure and supported 34%. We abstained or withheld support in the remainder of cases.

As we have commented previously, many investors appear to fail to utilise the vote on auditor appointments effectively. As such there is a very low level of opposition overall, even in cases where factors such as long tenure or high value non-audit work might be independence concerns. There were significant votes against audit-related resolutions at Investec, which we opposed, and a 9% vote against the auditor at Daimler, where we also opposed.

Shareholder resolutions

We voted on 33 shareholder resolutions during the quarter, relating to ESG issues. Of these we voted for 20, opposed 8 and abstained on 5. All but one of the oppose votes and abstentions related to proxy fights. We supported resolutions on issues such as disclosure of political spending, inclusion of ESG metrics in pay and employee representation in corporate governance.