Accountable

Shareholder votes on auditor appointments

Briefing by Greenpeace UK
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Executive Summary

Climate change is a material factor to be considered in corporate financial statements.[1] However, as research from Client Earth and Carbon Tracker together with the Climate Accounting Project[2] shows, the overwhelming majority of companies are failing to meaningfully disclose climate-related risks, and their impacts and financial implications. Nor are their auditors demonstrating an integration of climate-related risks into their audit reports with many not even listing climate as a key audit matter.

While shareholders in the UK and other countries have the power to vote against auditors and/or audit committee chairs, as the Financial Times noted, "in practice, investors tend not to assert themselves in the relationship"[3] even in the case of well documented failures. Wirecard serves as a stark example of investor apathy on auditor appointments with EY securing reappointment in 2018 with 99 per cent investor support despite this vote coming after public expressions of concern about Wirecard's financial position.

Nonetheless, in its approach to the implementation of The Task Force on Climate-related Financial Disclosures (TCFD),[4] corporate alignment with the 1.5°C temperature goal,[5] and its proposals for audit reforms,[6] the UK government appears determined to rely on investors 'to hold companies to account'. This is despite the failure of a similar approach to rein in executive pay.

This briefing is a review of the 2021 voting records of some of the largest fund managers operating in the UK on auditor appointments at FTSE 100, FTSE 250 companies and at 78 of the world's largest corporate emitters of greenhouse emissions whose accounts were recently assessed by Carbon Tracker and the Climate Accounting Project (the High Carbon-Companies)

Despite increasing concern in the issue and pledges to improve voting[7] amongst some progressive investors,[8] the research outlined in this briefing suggests that, rather than being an outlier, the Wirecard vote is indicative of investor voting practices on auditors. Auditor appointments are waved through by the vast majority of shareholders with very few objections of any kind and negligible numbers of climate-related concerns.

i Where a company has joint auditors each with a separate vote, they are counted as one.

Key Findings

Despite the identified deficiencies in auditors' reports investors are overwhelmingly failing to hold auditors accountable.

- **FTSE 100 and FTSE 250:**
    - Auditors at all in-scope FTSE 100 companies received over 90% shareholder support in 2021.
    - Only 1 of the in-scope FTSE 100 company auditor appointment votes secured less than 95% investor support (WPP)
    - Only 3 of the in-scope FTSE 250 companies had auditor appointments secure less than 90% shareholder support with a further 6 receiving between 90% and 95%.
    - Of the fund managers we assessed, 14 voted for all auditor appointments[i] in the in-scope FTSE 100 companies which they hold. Only two asset managers (Schroders and Sarasin & Partners) voted against or withheld[ii] on auditor appointments at any in-scope FTSE 100 company.
    - Seven of the managers voted against or withheld on auditor appointment votes at between 1 and 8 of the in-scope FTSE 250 companies.[iii]
- **Of the High Carbon Companies for which relevant data is available, all auditor appointment votes received over 90% shareholder support and only 5 such votes received less than 95% investor support.**

ii In the UK a 'withheld' vote is an active abstention as opposed to a decision not to exercise voting rights. Asset Managers sometimes use the term 'abstain' and we use the terms interchangeably for the most part in this briefing. In the UK such votes are not included when calculating whether a resolution has passed for the purposes of English company law and are likewise excluded from our calculations of the level of support received by an auditor. In Canada - where Teck Resources is incorporated - shareholders only have the option to vote for or withheld on the appointment of an auditor. Accordingly, withheld votes at Teck Resources have been treated as votes against for the purposes of this briefing.

iii Proxy Insight did not disclose voting data for FTSE 250 companies for Aegon Investment B.V. or Rathbone Investment Management

- **Only one of the 16 asset managers (Sarasin & Partners) listed climate change specifically as a relevant issue when voting on any auditor appointments.**

- **Large US asset managers significantly lag their UK peers:**

  - Each of BlackRock and Vanguard voted for all auditors in their FTSE 100 and FTSE 250 holdings. BNY Mellon did not vote at Coca-Cola but otherwise also voted for in each instance.

  - State Street Global Advisors (SSGA) voted for all their relevant FTSE 100 holdings and voted against only one FTSE 250 auditor.

  - BlackRock voted against only one auditor of the High-Carbon Companies while SSGA voted against two auditors.

  - Vanguard recorded a split vote at BASF where one of its funds voted against but otherwise all its disclosed votes for auditors at the High Carbon Companies are for.

  - BNY Mellon recorded a split vote at two of the High-Carbon Companies where one of its funds voted against the auditor but otherwise all its disclosed votes for auditors at such companies are for.

- **Sarasin & Partners led their peers in voting against management on auditor appointments with 64.71% of their votes at the High Carbon Companies. Aviva Investors voted against auditors at 28 High Carbon Companies totalling 38.36% of their votes on auditors at such companies. A further six asset managers refrained from supporting auditors with between 25% and 30% of their votes. However, none of the High-Carbon Companies met the standard of 'good practice', and all but three of their audit reports were identified as having either 'significant concerns' or 'some concerns' in the analysis by Carbon Tracker and the Climate Accounting Project.**

- **Shareholders were more willing to vote for non-binding shareholder resolutions calling for separate audited reports on the impact of a 1.5°C scenario on key financial assumptions, than utilising existing votes on auditors and on accounts.**

  - The shareholder resolutions at Exxon and Chevron received 48.9% and 47.8% investor support respectively.

  - Of the fund managers we reviewed who held Exxon only Vanguard voted against.

  - Each of BlackRock, Vanguard and SSGA voted against the resolution at Chevron.

These findings - particularly in the context of the urgent timeframe for meaningful climate action - show that governments and regulators should not rely on investors to adequately police audit matters. As noted in a recent investor letter calling for regulation, "If we choose to wait for companies to respond to investor pressure, it could take years to deliver the numbers we require to invest in a way that is aligned with the Paris goals."[9]

Recommendations

The UK government should create specific duties for companies, and their directors and auditors, to ensure climate risk is reflected in financial statements. This should include a duty on company directors to:

- **State in the notes to the financial statements whether and how they have adopted assumptions/estimates in their accounts which are compatible with a corporate strategy aligned with the goal of limiting global temperature increases to 1.5°C above pre-industrial levels as set out in the Paris Agreement on Climate Change (the 1.5° Goal).**

- **If they have not, provide supplementary disclosures in the notes to the financial statements about how the accounts would be impacted if they had used such assumptions/estimates.**

Auditors should likewise be required to undertake audits that test accounts against assumptions/estimates aligned with 1.5° Goal and flag to shareholders any concerns about the assumptions and estimates used by the company.

Shareholders should:

- **Add climate risk integration as an assessment criterion for voting on auditor appointments in addition to tenure and non-audit fees.**

- **Adopt a stewardship policy to vote against the reappointment of audit committee chairs and auditors at companies that do not integrate material climate change-related information into their reports and accounts.**

- **File and support shareholder resolutions such as those filed at Exxon and Chevron requesting that companies produce audited reports on the financial implications of climate-related risks.**

> **The UK government should create specific duties for companies, and their directors and auditors, to ensure climate risk is reflected in financial statements.**

Introduction

The report Climate Change 2021: the Physical Science Basis, published by the Intergovernmental Panel on Climate Change (IPCC) Working Group 1 on 9 Aug 2021, (the 6th Assessment Report) provides an update on what's happening to our warming planet and why. Multiple lines of evidence indicate the unprecedented nature of recent large-scale climatic changes in the context of all human history. The 1.5°C warming limit is still within reach, from a physical perspective, but only with rapid emission cuts that bring carbon emissions to net-zero and beyond. Failing to cut global emissions from current levels could eat up the remaining carbon budget for 1.5 °C by 2030. Financial institutions - banks, asset managers and insurers - as well as the companies to whom they lend and whose shares they own, must align their business with the objectives of the Paris Agreement, to pursue limiting global average temperature increase to 1.5°C as shifting investment will be key to avoiding capital allocation locking in high-carbon infrastructure. Empty net-zero pledges relying on unrealistic levels of carbon dioxide removal including offsets - instead of emissions reductions - will only exacerbate the problem.

The UK has set a commitment to achieve net-zero greenhouse gas emissions by 2050 with interim targets that mean businesses must now change their behaviour. Many other countries are following suit. If companies do not change their business models in line with these trends, they will misallocate shareholder capital, make the climate situation worse and/or will not be profitable. Companies doing this may cease to be going concerns in the foreseeable future. As noted by Sarasin & Partners, *"Shareholders and creditors (and indeed staff, suppliers, and the public) need to have visibility of the risks of asset write-downs and rising liabilities"*.[10] Consequently climate change is a key factor to be considered in financial statements. However, the overwhelming majority of company financial statements and auditor reports are failing to meaningfully disclose climate-related risks and their impacts and financial implications.

We are sceptical that the UK Government's tendency to rely on investor 'encouragement'[11] to deliver the necessary change. This research examines the voting records of shareholders at the UK's largest listed companies as well as at some of the world's largest greenhouse gas emitters. With some notable individual investor exceptions, the approval levels for auditors and audit committee chairs show that investors do not adequately use their powers. We hope this research both informs policymakers and encourages investors to more fully integrate climate change into key votes on financial statements and director and auditor appointments.

Climate risk is an important but ignored accounting matter

Audited company financial statements drive the allocation of corporate and, in turn, investment capital. Currently too much capital is being directed in a manner contrary to achieving the 1.5°C temperature and global equity goals of the Paris Agreement. If climate risk was properly integrated into companies' financial statements and auditors' reports, many of the assumptions propping up the value of high-carbon companies might change, helping drive a reallocation of corporate and investor capital away from fossil fuels and other climate-destructive activities. Examples of items in the financial statements that might be impacted by climate risks include: assumptions on future commodity demand and prices, impairments reducing the value of assets, assumptions about the life of an asset, and the timing and amount of end of life costs such as decommissioning.

A Client Earth February 2021 analysis[12] of the 250 largest listed companies in the UK, studied each company's most recent annual report and developed a quantitative assessment of how company disclosures match up against existing disclosure requirements.[iv] It found that 93% of the 250 largest listed companies in the UK make no reference at all to climate-related risks and impacts risk in their financial statements. Only 4% of the 250 companies reviewed made a clear reference to climate risk in their financial statements. Another 3% made "unclear or limited disclosures". When it came to auditors, only 4% of audit reports across the 250 companies provided "a clear explanation of whether the auditors had considered climate change-related factors in their audit." [13]

iv Because different companies have different reporting years, Client Earth analysed the most recent annual report available at the time of review. This means that for some companies Client Earth reviewed their 2019 annual report, while for others they reviewed their 2019/2020 annual report.

Carbon Tracker and the Climate Accounting Project analysed the financial statements of 107 global companies that significant institutional investors have identified as highly carbon exposed, and of which most are included among the Climate Action 100+ investor focus list.[14] The researchers found that of those 107 companies, over 70% did not indicate that they had considered climate matters when preparing their 2020 financial statements. 80% of auditors gave no indication of whether they had considered climate related risks "such as the impact of emissions reduction targets, changes to regulations, or declining demand for company products, in their audits." An additional 17% of audit reports were identified as having 'some concerns' on this issue and no auditors met the 'good practice' criteria. Carbon Tracker concluded that none of the 107 companies were using assumptions and estimates that were 'Paris-aligned'.[15]

These inadequate disclosures from companies and auditors occur despite the International Accounting Standards Board[16] and regulators such as the UK's Financial Reporting Council (FRC)[17] reminding directors and auditors that they must ensure material climate factors are properly reflected in financial statements.

The FRC found in November 2020 that "most [audit] firms are not yet incorporating climate change considerations into their internal monitoring of ongoing audits and their review of completed audits."[18]

In December 2020, the six largest firms responded to the guidance by the International Auditing and Assurance Standards Board reportedly promising that "The GPPC networks are committed to playing our part"[19] when it comes to assuring that climate risk is properly reflected in company financial statements.[20] However, there is little evidence yet of this commitment being implemented. While large accounting firms are keen to highlight their plans to decarbonize their own global operations[21] and to develop a market for ESG consultancy services[22] their climate credentials should be assessed by the decisions they make as auditors.

Broader issues with UK audit quality

The Financial Reporting Council (the FRC) published its most recent annual Audit Quality and Inspection Reports on 23 July 2021.

They contain a number of alarming findings. 29% of the 103 audits required improvement or significant improvement which the FRC acknowledges is a figure that "remains unacceptably high."[23] There were "recurring findings in relation to the audit of revenue, impairment of assets and group audit oversight. The FRC had mixed findings in relation to the effective challenge of management of audited entities, with some examples of good practice but not on a consistent basis."[24]

KPMG was singled out for its 'unacceptable' lack of improvement in particular for its audits of banks and similar entities.

Narrative risk disclosures and transition plans are not enough

As part of its Greening Finance Roadmap announced in October,[25] the UK government stated an intention to require certain firms to, on a comply or explain basis, publish transition plans "that align with the government's net-zero commitment" although guidance as to what such plans would contain will only be developed over time. At COP 26 the Chancellor while signaling an eventual 'moving towards' making such plans mandatory reaffirmed the initial comply or explain approach and confirmed that companies would not be mandated to set a net-zero commitment with that being left up to companies and their shareholders.[26] This follows the proposal to require corporate disclosures in line with the Task-force on Climate Related Financial Disclosures (TCFD).[27]

The success of such policies rely on the theory that if comparable and detailed information is available across the economy, the market will appropriately price the climate risks and opportunities and corporate and investment capital will flow accordingly. In discussing transition plans, the government states: "They are also essential for the effective exercise of market discipline, and investors' ability to hold investee company boards and management to account."[28]

Even where companies produce narrative reporting on climate risks, this is not translating into their financial statements. Carbon Tracker found that "For 72% of the companies, the treatment of climate matters within their financial statements appeared to be inconsistent with their disclosures of climate-related risks (and commitments, when relevant) in their other reporting. This included instances where the company conceded that climate-related risks were financially material." Likewise Client Earth found that boilerplate language was common among even those companies making narrative disclosures on climate change leaving open the risk of material omissions and greenwash.

Nor is the publication of a transition plan sufficient of itself to ensure climate risk is properly integrated in financial statements. For example, Royal Dutch Shell published a transition plan in 2021 in which it committed to achieving net-zero carbon emissions by 2050. However, the company claims that it does not need to include its net-zero targets in its operating plans and pricing assumptions because of uncertainty as to how society will reach net-zero.[29] Failure to plan for actually achieving net zero raises fundamental questions over the credibility and feasibility of any such transition plan, and also leaves investors in the dark about the impact of such a transition on the value of the company and its assets - precisely what they need to know.

Rather than mandate the production of Paris-aligned accounts and related disclosures by auditors, the UK government believes its TCFD requirements will instead be sufficient to ensure auditors properly consider climate risk.[30] The consultation document states that "When climate-related risks are financially material for a company, auditors should consider whether and how these should be reflected in a company's financial statements." However it also states, "It is not our intention here to alter the role of auditors in relation to climate-related financial disclosures."

Statements by Shell's auditor, EY, suggests that absent specific regulation of the type we propose, a significant gap will remain between what investors need to properly assess a company's climate risk and what companies and auditors will provide. In its 2021 auditor's report for Shell, EY rejected the idea proposed by some investors that it should have to assess the company's accounts against the goals of the Paris Agreement stating: "it is neither possible nor appropriate for EY, as Shell's auditor, to attempt to provide in our audit opinion Paris-aligned assumptions that are not in our remit to determine".[31 32]

Investor action on audit and climate

Some investors have in recent years raised concerns over the lack of climate related financial disclosures in financial statements and auditor's reports. In 2020, Investor groups including the IIGCC and the Principles for Responsible Investment called for 'Paris-aligned accounts'.[33] The leading investor coalition on climate change - Climate Action 100+ - intends to include in its benchmarks an indicator on the integration of climate risk into company accounting. BlackRock includes provisions on financial reporting and climate risk in its voting guidelines for European, Middle Eastern and African securities.

However, as 2021 voting records show, this concern is not translating into routine shareholder voting decisions - a point highlighted even by some investors.[34] Shareholders must accelerate and escalate their voting and corporate and public policy engagement activities on the issue of company accounts integrating climate risk.

Extract from BlackRock's EMEA Voting policy guidelines[35]

"Recognising also the materiality of sector-specific sustainability risks to long-term investment returns, the assumptions underlying a company's financial reports are of paramount importance. In particular, financial reporting should reflect assumptions made about the impact of climate risk and the transition to a low carbon economy on the company's profits, liabilities and assets. If they do not, BlackRock may vote against the re-election or re-appointment of members of the audit committee and / or the re-appointment of the auditor."

BlackRock voted against only one auditor of the High Carbon Companies

Our Approach

Client Earth and Carbon Tracker each identified the lack of climate risk disclosures in the financial statements and audit reports of selected UK and global companies. This research examined selected 2021 votes at those companies to determine if shareholder voting decisions reflected concern about this gap in reporting.

Companies

We selected the following companies for analysis:

- **companies in the FTSE 100 and FTE250 which had held a 2021 AGM by the end of August which included a resolution on auditor appointment. This totaled 85 FTSE 100 companies and 198 FTSE 250 companies; and**

- **those companies which were assessed by Carbon Tracker whose 2021 AGM had occurred by the end of August, which had a resolution on the appointment of an external audit firm for audited accounts purposes, and for which we could find voting disclosures.[v] This resulted in a pool of 78 companies from the original 107 (the 78 companies are collectively referred to in this report as the High-Carbon Companies). There is some crossover between the FTSE 100 and the High-Carbon Companies.[vi]**

In addition to reviewing auditor appointment votes at those companies, we reviewed the votes of the selected asset managers at Exxon and Chevron on non-binding shareholder resolutions[36] which called for audited reports on how key financial assumptions might be impacted in a 1.5°C world.

v PT Bumi appears to have had a vote on auditor appointment but there was inadequate data available on Proxy Insight to undertake the relevant assessment. Accordingly, we have excluded it.

vi Anglo American, BP, CRH, Glencore, Rio Tinto, Rolls Royce, Royal Dutch Shell, and Unilever appear in both data sets.

Asset managers

We selected first those asset managers featured in the report "The Big Smoke: The UK's financed emissions".[37] Those asset managers are the ten which have the largest assets under management, are headquartered in the UK and made public disclosures enabling analysis of financed emissions. Having assessed their financed emissions, we believed it appropriate to also examine their voting activity on this climate-critical issue. Of those ten, we included asset managers for whom we could find detailed public voting disclosure for individual companies.[vii]

We also included the largest US headquartered asset managers with significant operations in the UK for whom complete voting records through to at least the end of June 2021 were available.[viii] In addition we included a selection of other UK asset managers who have raised the issue of Paris-aligned accounts and/or who are significant service providers to the charity sector. The list of sixteen asset managers is set out in the Appendix.

The number of High-Carbon Companies held by the selected managers varied from twelve (Baillie Gifford) to seventy-eight (BlackRock, Legal & General Investment Management, SSGA)[ix]. Some of the asset managers holding fewer of these companies pointed out that their stock selection - in addition to any assessment of voting activity - should be a factor in assessing their consideration of climate-related risks. We agree. However, as none of the 78 High-Carbon Companies met the 'good practice' standard, votes at each of these companies are also a relevant assessment criterion.

vii Of those asset managers, we did not find detailed individual company public voting disclosures for the first half of 2021 for HSBC Asset Management, Man Group, or Insight Investments which is primarily a fixed income investor. BNY Mellon as the parent company of Insight Investments was included. Newton Investment Management which is also a subsidiary of BNY Mellon has been included as it makes its own voting disclosures.

viii Fidelity International, as of 25th October, had published only 2021 Q1 voting information.

ix Three meetings took place in July which is outside of the quarterly disclosure period for certain asset managers. In such circumstances we have treated this as a 'does not hold'.

Voting information

The voting data was accessed from Proxy Insight's database (provided by Insightia) for the final time on 25th October, as well as from individual investors' websites. As Proxy Insight processes and releases further data on the voting of individual funds, some of the votes categorised as for or against may change to a split. This reflects new data released on the voting of individual funds, not inaccuracies in the current data set. We have only taken account of votes where the asset manager has discretion rather than those where they are applying a client instruction on a segregated fund.

All the asset managers included in this study were contacted by Greenpeace as part of our data verification procedure for the report. They were asked to verify the data that we had obtained from Proxy Insight. We thank the asset managers who kindly agreed to verify their data to us.[x]

A number of asset managers recorded 'Did not vote' (DNVs) at certain companies. Some explained this on the basis of blocking procedures in place in particular countries which restrict the ability to sell shares in the period between casting the vote and the date of the meeting.[38] We excluded managers' DNVs when calculating the number of votes cast and the percentage of votes cast against or withheld on auditor appointments. While we have included withholds/abstentions in assessing the extent to which an asset manager did not support management, we have - as English law does - calculated overall support for auditors' appointments on a for/against basis.

We have noted where asset managers as a firm recorded split votes because individual fund managers have voting discretion, but we have assessed the manager on the basis of how the majority of its individual funds voted.

One manager explained that it prioritises voting decisions depending on the size of its exposure and/or whether the stock is on its 'buy' list. This may be understandable depending on the size of the manager but is also a reason why shareholder votes cannot be treated by policy-makers as the sole accountability mechanism for producing accounts which properly reflect climate-related risks.

Some managers pointed out that they may reserve voting as an escalation strategy in their engagement, and/or that they choose to use votes on other matters to express concern. Voting pattern analysis over time will enable stakeholders to assess whether this escalation is undertaken. The level of investor support for the appointment of audit committee chairs and financial statements at FTSE 100 companies does not suggest investors are utilising those votes as an alternative as a matter of course.

x abrdn, Baillie Gifford & Co, M&G Investment Management, Rathbone Investment Management, Royal London Asset Management, and Sarasin & Partners.

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Findings

Our analysis shows that, despite the deficiencies in auditors' disclosures, investors are overwhelmingly failing to hold auditors accountable.

- **FTSE 100 and FTSE 250:**
    - Auditors at all 85 FTSE 100 companies we reviewed received over 90% shareholder support in 2021.
    - Only one out of 85 FTSE 100 company auditor appointment votes secured less than 95% investor support (WPP).
    - Only three out of 198 FTSE 250 companies saw auditors secure less than 90% shareholder support (Investec plc[xi], Pets and Home and Capital & Counties Properties plc).[xii]
    - A further six FTSE 250 companies secured between 90% and 95% support for the appointment of their auditor (Allianz Technology Trust plc, Direct Line Insurance Group plc, BlackRock Smaller Companies Trust, Balfour Beatty plc, Carnival plc, and Britvic plc.)
- **Of the sixteen fund managers we assessed, 14 voted for all auditor appointments in their in-scope FTSE 100 holdings,**
    - Only two asset managers voted against or withheld at any in-scope FTSE 100 company (Schroders (against one) and Sarasin & Partners (against seven and abstained on four)).
    - In the FTSE 250[xiii]
        - SSGA voted against once.
        - Abrdn voted against twice.
        - Aviva voted against three times.
        - Royal London Asset Management and Legal & General Investment Management each voted against auditors at four companies. [xiv]
        - Sarasin & Partners voted against on eight occasions.
        - M&G abstained on one vote.
- **Of the 78 companies Carbon Tracker and the Climate Accounting Project assessed (the High-Carbon Companies) and for which aggregate vote percentages data is available (74 companies),**
    - **All auditor appointment votes received over 90% shareholder support.**
    - **Only five such votes received less than 95% investor support (Trane Technologies, Linde plc, BASF SE, Coterra Energy Inc. and NextEra Energy, Inc.)**
- **Where investors provided rationales for specific votes only one asset manager (Sarasin & Partners) listed climate change specifically as a relevant issue. Length of tenure and non-audit fees were the primary reasons offered. While these issues may also be proxies for other matters including climate risk integration, it is important that investors explicitly identify the failure to properly reflect climate risks as a reason to reject financial statements, directors, and auditors.**

Across all in-scope companies, asset managers cast 178 against or withheld votes.

The following rationales were provided - on occasion more than one rationale was offered for a vote

Tenure:	144 times
Excessive non-audit fees:	17 times
Climate change:	9 times (all by Sarasin & Partners)
Poor disclosure:	* 6 times
Audit Quality:	2 times
Corp governance concerns:	1 time
No rationale given:	5 times

* Aviva Investors (5 times) and BlackRock (once) offered this rationale without further explanation. It is possible it encompasses climate change concerns but this should be made explicit.

xi The Investec plc AGM included 3 votes on the appointment of auditors. One for Investec plc and two for joint auditors at Investec Limited. All three votes received less than 90% support.

xii Ashmore Group plc held its AGM on 15 October which falls outside the scope of this briefing. It is the only additional FTSE 100 or FTSE 250 company to have received less than 90% support for its auditor (85.31%).

xiii Proxy Insight did not record FTSE 250 votes for Aegon Investment B.V. or Rathbone Investment Management.

xiv For the purposes of our calculations we have treated Legal & General's three against votes at Investec plc as one vote against a FTSE 250 auditor

Examples of Sarasin & Partners citing climate change[39]

- **BP: "We are supporting Deloitte's reappointment due to the steps they have taken to consider Paris-alignment of the accounts....no comment on dividend resilience. Point for engagement.'[40]**

- **Barclays: "... finally, despite engagement with KPMG over climate risk, there is no evidence that they have considered this in their audit process."**

- **HSBC: "Like last year, we are voting against PWC due to a failure to provide assurance that climate risks have been properly accounted for in their audit process, and thus in the accounts."**

- **NextEra Energy Inc: "we have no comfort that the audit considered climate risks."**

- **Royal Dutch Shell (withheld):" EY should be commended for providing a full page response to the Investor Expectations document, including climate risks as a Key Audit Matter, and affirming that Shell's accounts are not aligned with Paris. However, EY declined to provide a view requested by investors on how a net zero pathway might impact Shell's financial position, and their ability to pay dividends.'[41]**

- **Large US asset managers significantly lag their UK peers:**

  - Each of BlackRock and Vanguard voted for all auditors in their FTSE 100 and FTSE 250 holdings. BNY Mellon did not vote at Coca-Cola but otherwise also voted for in each instance.

  - SSGA voted for all auditors in their relevant FTSE 100 holdings and against only one auditor in the FTSE 250 (Shaftesbury plc).

  - BlackRock voted against only one auditor of the High-Carbon Companies (PT United Tractors) while SSGA voted against two auditors (China Shenhua Energy Company Ltd and Volkswagen).

  - Vanguard recorded a split vote on BASF but otherwise all its disclosed votes for auditors at the High Carbon Companies are for.

  - BNY Mellon recorded a split vote at two of the High-Carbon Companies (Conoco-Phillips and Lockheed Martin) where in each case one of its funds voted against the auditor but otherwise all its disclosed votes for auditors at such companies are for.

- **Aviva Investors voted against auditors at 28 High Carbon Companies representing 38.36% of their auditor votes at such companies. In the case of six UK asset managers, (Newton, M&G, Schroders, abrdn, Legal & General Investment Management, Royal London Asset Management) 25%-30% of the votes they cast on auditor appointments at the High-Carbon Companies were either against or withheld. However, all but three of their audit reports were found to have either 'significant concerns' or 'some concerns' and none achieved 'good practice' by Carbon Tracker and the Climate Accounting Project.**

- **Sarasin & Partners led their peers in voting against management on auditor appointments with 64.71% respectively of their votes at the High-Carbon Companies being either against or withheld.**

- **Shareholders were more willing to vote for non-binding shareholder resolutions calling for separate audited reports on the impact of a 1.5°C scenario on key financial assumptions than use existing votes on auditor and on financial statements.**

  - The resolutions at Exxon and Chevron received 48.9% and 47.8% investor support respectively.

  - Of the fund managers we reviewed who held Exxon, only Vanguard voted against the shareholder resolution. One fund of BNY Mellon's voted against leading to a split vote.

  - Each of BlackRock, Vanguard and SSGA voted against the resolution at Chevron. BNY Mellon again recorded a split vote but the majority of its funds voted 'for'.

Recommendations

The UK government should create specific duties for companies, and their directors and auditors, to ensure climate risk is reflected in financial statements. This should include a duty on company directors to:

- **State in the notes to the financial statements whether and how they have adopted assumptions/estimates in their accounts which are compatible with a corporate strategy aligned with the goal of limiting global temperature increases to the 1.5° Goal.**

- **If they have not, provide supplementary disclosures in the notes to the financial statements about how the accounts would be impacted if they had used such assumptions/estimates.**

Auditors should likewise be required to undertake audits that test accounts against assumptions/ estimates aligned with 1.5° Goal and flag to shareholders any concerns about the assumptions and estimates used by the company.

Our findings show that shareholders as a group are far from taking the necessary action to tackle the issue of audit and climate change. Shareholders should:

- **Add climate risk integration as an assessment criterion for voting on auditor appointments in addition to tenure and non-audit fees.**

- **Adopt a stewardship policy to vote against the reappointment of audit committee chairs and auditors at companies that do not integrate material climate change-related information into their reports and accounts.**

- **File and support shareholder resolutions such as those filed at Exxon and Chevron requesting that companies produce audited reports on the financial implications of climate-related risks.**

Conclusion

The failure to integrate material climate risks including transition risk into company accounts should be a red flag to investors both about the credibility of a corporate 2050 net-zero plan, and the utility of the company accounts in assessing corporate financial well-being. However, to date investors as a group seem as unphased by glaring gaps in climate risk integration as they have been by other past failures of the audit process. Investors should exercise their stewardship rights including voting rights in relevant jurisdictions to demand better of both audit committees and auditors. However, voting is time intensive activity and even those investors most engaged apply their resources selectively depending on the size of their holdings. In light of these inherent limitations and the actual voting performance of shareholders, we call on the UK government to introduce the additional policy reforms set out above rather than rely on shareholder votes as the primary accountability mechanism for companies and their auditors.

Appendix

Asset Managers

1/ abrdn
2/ Aegon Investments B.V.
3/ Aviva Investors
4/ Baillie Gifford & Co.
5/ BlackRock
6/ BNY Mellon Investment Management
7/ Janus Henderson UK
8/ Legal & General Investment Management
9/ M&G Investment Management
10/ Newton Investment Management
11/ Royal London Asset Management
12/ Rathbone Investment Management
13/ Sarasin & Partners
14/ Schroders
15/ State Street Global Advisors
16/ Vanguard

Figure 1: Asset Managers' voting performance on auditor appointments at the High-Carbon Companies.

Table 1: Auditor Appointment Votes - Findings in Full

Company	Votes % for auditor	Vote % against auditor	Abrdn	Aegon Investment Management B.V.	Aviva Investors	Baillie Gifford & Co.	BlackRock	BNY Mellon Investment Management	Janus Henderson	Legal & General Investment Management	M&G Investment Management	Newton	Rathbone Investment Management	Royal London Asset Management	Sarasin & Partners	Schroders	SSGA	Vanguard
A.P. Moller Maersk A/S	N/A	N/A	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	DNH	DNH	DNH	FOR	DNH	DNH	FOR	FOR
Airbus SE	99.81	0.19	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
American Airlines Group Inc.	99.07	0.93	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	DNH	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Anglo American PLC	98.99	1.01	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR
Anhui Conch Cement Company Ltd	98.31	1.69	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	DNH	DNH	FOR	FOR	FOR
APA Corporation (formerly APACHE)	99.1	0.9	FOR	DNH	DNH	DNH	FOR	FOR	DNH	FOR	FOR	DNH	DNH	DNH	DNH	FOR	FOR	FOR
ArcelorMittal N.V	98.55	1.45	FOR	FOR	FOR	DNH	FOR	FOR	DNH	FOR	FOR	DNH	DNH	DNH	DNH	AGAINST	FOR	FOR
BASF SE	93.61	6.39	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	FOR	DNH	DNV	FOR	DNH	FOR	FOR	FOR * Split - 1 Fund voted against; all others for
BMW Group Bayerische Motoren Werke AG	99.88	0.12	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Boeing Company (The)	96.59	3.41	AGAINST	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
BP PLC	99.68	0.32	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR
Bunge Limited	99.21	0.79	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	DNH	FOR	FOR
Caterpillar Inc.	96.66	3.34	AGAINST	FOR	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
Chevron Corporation	96.63	3.37	AGAINST	FOR	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	FOR	AGAINST	AGAINST	AGAINST	FOR	FOR
China Petroleum & Chemical Corp.	99.68	0.32	FOR	DNH	FOR	DNH	FOR	FOR	DNH	FOR	FOR	DNH	DNH	DNH	DNH	FOR	FOR	FOR
China Shenhua Energy Co., Ltd.	99.29	0.71	FOR	DNH	AGAINST	DNH	FOR	FOR	DNH	FOR	FOR	DNH	DNH	DNH	DNH	FOR	AGAINST	FOR
CNOOC Ltd.	99.99	0.01	DNH	DNH	FOR	FOR	FOR	DNH - last meeting recorded is November 2020	FOR	FOR	FOR	DNH	DNH	DNH	DNH	FOR	FOR	DNH - last meeting recorded is 2020
Colgate-Palmolive Company	97.53	2.47	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	AGAINST	FOR	FOR	FOR	AGAINST	FOR	FOR	FOR
ConocoPhillips	95.72	4.28	AGAINST	FOR	AGAINST	DNH	FOR	FOR. * Split vote with one fund (BNY Mellon Global Real Return Fund) voting against	FOR	AGAINST	AGAINST	AGAINST	FOR	AGAINST	DNH	AGAINST	FOR	FOR
Continental AG	99.92	0.08	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	DNH	FOR	DNH	FOR	FOR	FOR
Continental Resources Inc/OK (CLR)	99.82	0.18	DNH	DNH	DNH	DNH	FOR	FOR	DNH	FOR	DNH	DNH	DNH	DNH	DNH	DNH	FOR	FOR
Coterra Energy (formerly Cabot Oil & Gas Corporation)	93.71	6.29	AGAINST	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
CRH PLC	99.99	0.01	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	FOR	DNV	FOR	FOR	ABSTAIN	FOR	FOR	FOR
Cummins Inc.	98.3	0.01	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Delta Air Lines Inc.	98.88	1.12	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	DNH	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Deutsche Lufthansa AG	95.38	4.62	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	DNV	DNH	FOR	FOR	FOR
Devon Energy Corporation	96.45	3.55	AGAINST	FOR	AGAINST	DNH	FOR	FOR	FOR	AGAINST	DNH	DNH	DHH	DNH	DNH	AGAINST	FOR	FOR
Diamondback Energy Inc.	99.61	0.39	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	DNH	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Dow Inc.	96.46	3.54	AGAINST	FOR	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
E.ON SE*	99.24	0.76	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	FOR	DNH	DNV	FOR	FOR	FOR	FOR	FOR
Ecopetrol S.A.	N/A	N/A	FOR	DNH	AGAINST	DNH	FOR	FOR	DNH	FOR	DNH	DNH	DNH	DNH	DNH	FOR	FOR	FOR
EOG Resources Inc.	99.45	0.55	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Exxon Mobil Corporation	96.75	3.25	AGAINST	FOR	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	FOR	AGAINST	AGAINST	AGAINST	FOR	FOR
FirstEnergy Corporation	98.33	1.67	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Glencore Plc	98.61	1.39	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNV	FOR	DNH	FOR	FOR	FOR
Grupo Argos Sa	N/A	N/A	DNH	DNH	DNH	DNH	FOR	DNH	DNH	FOR	DNH	DNH	DNH	DNH	DNH	DNH	FOR	FOR
Hess Corporation	97.18	2.82	AGAINST	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
Holcim Ltd	99.79	0.21	FOR	DNH	FOR	DNH	FOR	FOR	DNH	FOR	FOR	DNH	DNH	DNH	DNH	FOR	FOR	FOR
International Paper Company	98.78	1.22	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Kinder Morgan Inc.	96.83	3.17	AGAINST	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
Linde PLC	92.17	7.83	AGAINST	DNH	AGAINST	DNH	FOR	Outside BNY Mellon voting disclosure window	Outside voting disclosure window	AGAINST	DNV - Blocking	AGAINST	FOR	AGAINST	Outside Sarasin & Partners' voting disclosure window	FOR	FOR	Outside Vanguard's voting disclosure window
Lockheed Martin Corporation	96.94	3.06	AGAINST	DNH	DNH	DNH	FOR	FOR* Split vote with one fund (BNY Mellon Global Real Return Fund) voting against	FOR	AGAINST	DNH	AGAINST	FOR	AGAINST	DNH	AGAINST	FOR	FOR
Marathon Oil Corporation	97.28	2.72	AGAINST	DNH	DNH	DNH	FOR	FOR	DNH	AGAINST	DNH	DNH	DNH	DNH	DNH	AGAINST	FOR	FOR
Marathon Petroleum Corporation	98.9	1.1	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	AGAINST	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Martin Marietta Materials Inc.	99.8	0.2	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Mercedes-Benz Group AG (formerly Daimler AG) *	95.93, 95.98, 95.97	4.07, 4.02, 4.03	FOR	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	FOR	DNH	DNV	AGAINST	DNH	FOR	FOR	FOR
Nestle SA	99.31	0.69	FOR	DNH	AGAINST	DNV - blocking	FOR	FOR	FOR	FOR	FOR	FOR	DNV	FOR	AGAINST	FOR	FOR	FOR
NextEra Energy, Inc.	94.59	5.41	AGAINST	FOR	AGAINST	FOR	FOR	FOR	FOR	AGAINST	AGAINST	DNH	FOR	AGAINST	AGAINST	AGAINST	FOR	FOR
Occidental Petroleum Corporation	99.1	0.9	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
OMV AG	99.66	0.33	FOR	DNH	AGAINST	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNV	FOR	DNH	FOR	FOR	FOR

KEY DNH = Does not hold DNV = Did not vote "some concerns" re audit report "significant concerns" re audit report "few concerns" re audit report

* 3 votes on KPMG's role as auditor. Each received 99.2% support.

Table 1: Auditor Appointment Votes - Findings in Full (continued)

Company	Votes % for auditor	Vote % against auditor	Abrdn	Aegon Investment Management B.V.	Aviva Investors	Baillie Gifford & Co.	BlackRock	BNY Mellon Investment Management	Janus Henderson	Legal & General Investment Management	M&G Investment Management	Newton	Rathbone Investment Management	Royal London Asset Management	Sarasin & Partners	Schroders	SSGA	Vanguard
Petrochina Company Limited	99.89	0.11	FOR	DNH	FOR	DNH	FOR	FOR	DNH	FOR	FOR	DNH	DNH	DNH	DNH	FOR	FOR	FOR
Phillips 66	99.38	0.62	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNV	FOR	DNH	FOR	FOR	FOR
Pioneer Natural Resources Company	97.37	2.63	AGAINST	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
Power Assets Holdings Ltd	96.07	3.93	AGAINST	DNH	FOR	DNH	FOR	FOR	FOR	AGAINST	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
PPL Corporation	98.98	1.02	FOR	DNH	AGAINST	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
PT Aneka Tambang Tbk (PT ANTAM)	99.07	0.93	FOR	DNH	AGAINST	DNH	FOR	FOR	DNH	FOR	DNH	DNH	DNH	DNH	DNH	DNH	FOR	FOR
PT United Tractors Tbk	95.69	3.97	FOR	DNH	AGAINST	DNH	AGAINST	FOR	DNH	FOR	DNH	DNH	DNH	DNH	DNH	FOR	FOR	FOR
PTT PCL	99.94	0.06	FOR	DNH	FOR	DNH	FOR	DNH	FOR	FOR	FOR	DNH	DNH	FOR	DNH	DNH	FOR	FOR
Raytheon Technologies Corp	95.73	4.27	AGAINST	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	FOR	DNH	FOR	AGAINST	AGAINST	AGAINST	FOR	FOR
Repsol S.A.	99.96	0.04	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Rio Tinto PLC	99.26	0.74	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	FOR	DNH	FOR	FOR	ABSTAIN	FOR	FOR	FOR
Rolls-Royce Holdings plc	99.78	0.22	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	FOR	DNH	FOR	FOR	DNH	FOR	FOR	FOR
Royal Dutch Shell PLC (B)	98.43	1.57	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	DNH	FOR	FOR	FOR	ABSTAIN	FOR	FOR	FOR
Saudi Arabian Oil Company	N/A	N/A	FOR	DNH	AGAINST	DNH	FOR	Outside voting disclosure window	Outside voting disclosure window	FOR	DNH	DNH	DNH	DNH	DNH	DNH	FOR	Outside Vanguard's voting disclosure window
Siemens Energy AG	99.62	0.38	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNV	FOR	FOR	FOR	FOR	FOR
Stellantis N.V.	99.94	0.06	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Teck Resources Limited	97.9	2.1	WITHHOLD	DNH	WITHHOLD	DNH	FOR	DNH	FOR	WITHHOLD	WITHHOLD	DNH	DNH	DNH	WITHHOLD	WITHHOLD	FOR	FOR
ThyssenKrupp AG	99.94	0.06	FOR	DNH	FOR	DNH	FOR	FOR	DNH	FOR	FOR	DNH	DNV	FOR	DNH	FOR	FOR	FOR
Trane Technologies	91.91	8.09	AGAINST	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	FOR	AGAINST	DNH	FOR	FOR	FOR
Unilever PLC	98.34	1.66	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR
Uniper SE	99.97	0.03	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNV	FOR	FOR	FOR	FOR	FOR
United Airlines Holdings, Inc.	98.28	1.72	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	DNH	FOR	DNH	FOR	DNH	FOR	FOR	FOR
Valero Energy Corporation	99.08	0.92	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Vistra Corp.	99.49	0.51	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	DNH	DNH	DNH	FOR	DNH	FOR	FOR	FOR
Volkswagen AG	99.52	0.48	AGAINST	AGAINST	AGAINST	DNH	FOR	Outside BNY Mellon voting disclosure window	Outside voting disclosure window	AGAINST	FOR	DNH	DNV	FOR	Outside Sarasin & Partners' voting disclosure window	AGAINST	AGAINST	Outside Vanguard's voting disclosure window
Walmart Inc	98.53	1.47	AGAINST	FOR	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
Weyerhaeuser Company	99.03	0.97	FOR	DNH	FOR	DNH	FOR	FOR	FOR	FOR	FOR	FOR	DNH	FOR	AGAINST	FOR	FOR	FOR
Williams Companies Inc. (The)	96.48	3.53	AGAINST	DNH	AGAINST	DNH	FOR	FOR	FOR	AGAINST	AGAINST	DNH	DNH	AGAINST	DNH	AGAINST	FOR	FOR
FTSE 100 Holdings			All votes for.	All votes for.	All votes for.	All votes for. One DNV.	All votes for.	All votes for One DNV.	All votes for.	All votes for.	All votes for.	All votes for. One additional DNV.	All votes for.	All votes fo.r	Of the auditor appointment votes disclosed, votes against were cast at 7 companies: Barclays, HSBC, Intercontinental Hotel Group, M&G, Prudential, Rightmove, Segro. Climate was listed as a reason at Barclays, HSBC, and Intercontinental. Withold votes were cast at 4 companies: CRH, London Stock Exchange, Rio Tinto and RDS with climate change listed as a rationale at all 4.	Vote against at WPP. All other votes cast on auditor appointment were for	All votes for.	All votes for.
FTSE 250 HOLDINGS			Two against - Pets at Home and TI Fluid Systems	Proxy Insight discloses no votes for FTSE 250	Against Pets at Home; Hilton Food; Mitie Group	All votes for. One DNV	All votes for	All votes for	All votes for	4 votes against: Direct Line, Hilton Foords, Investec plc, Pets at Home	All votes for, save a 'withold' on Petropavlovsk	All votes for		4 votes on auditor appointment were against: Allianz Technology Trust, Carnival, Direct Line and Pets at Home	Of the auditor appointment votes disclosed, votes against were cast at 8 companies: Allianz Technology Trust, Britvic, Carnival, HG Capital Trust, Howden Joinery Group, Scottish American Investment Company, Ultra Electronics Holdings, WH Smith.	All votes for	One auditor appointment vote against - Shaftesbury plc	All votes for
Chevron s/holder resolution	47.80%	52.20%	FOR	FOR	FOR	DNH	AGAINST	FOR* Split (1 fund against)	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	AGAINST	AGAINST
Exxon s/holder resolution	48.90%	51.10%	FOR	FOR	FOR	DNH	FOR	FOR* Split	FOR	FOR	FOR	DNH	FOR	FOR	FOR	FOR	FOR	AGAINST

KEY DNH = Does not hold DNV = Did not vote "some concerns" re audit report "significant concerns" re audit report "few concerns" re audit report

* three separate votes on auditors at Mercedes-Benz Group AG: Ratify KPMG as auditors for fiscal year 2021; ratify KPMG as auditors for the 2022 interim financial statements until the 2022 AGM; ratify KPMG as audots for the final balance sheets required under the German Reorganisation Act.

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Endnotes

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