

# Investment, Governance and Engagement Sub Committee

## MEETING OF 18<sup>TH</sup> JANUARY 2021 ITEM 4 PAPER B

### CORPORATE ACTIONS – REPORT FROM DR ANNA TILBA

#### **Background**

In July 2020 the Board Secretary was approached by the Chair of the Transparency Task Force (TTF) <https://www.transparencytaskforce.org/> on the subject of the value of corporate actions, and in particular scrip dividends, to asset owners. The

Concerns had been raised in this area, including potential class actions in the US, claiming that value had been left 'on the table' by the action or inaction of asset managers. The TTF had been in discussions with HMT and the Select Committee on Work and Pensions and wished to assess the situation in the UK.

Following discussions with a small number of asset managers and LGPS funds and in collaboration with Dr Anna Tilba Associate Professor in Strategy and Governance Durham University Business School a survey was sent to a selection of LGPS asset managers on 30<sup>th</sup> October 2020 requesting details of how they deal with corporate actions.

#### **Report on the survey**

Dr Tilba's report on the survey is attached as ANNEX 1 to this paper. The survey found that the great majority of managers have in place processes for dealing with corporate actions and that there is no evidence of 'wrong doing' by managers. However, it is clear that in most cases the client is neither consulted about the process nor provided with reports of the outcome.

**Recommendation – The committee is asked to agree that the secretariat continue investigations in this area on a more detailed level with a small number of LGPS funds.**