



Blue Sky Group

## 2023 Q1 - Quarterly Proxy Voting Report

28 April 2023

# CONTENT



■ Introduction	<u>3</u>
■ Proxy Voting Snapshot	<u>4</u>
■ ESG Features	<u>8</u>
■ Voting Highlights	<u>10</u>



## [Introduction](#)

## [Proxy Voting Snapshot](#)

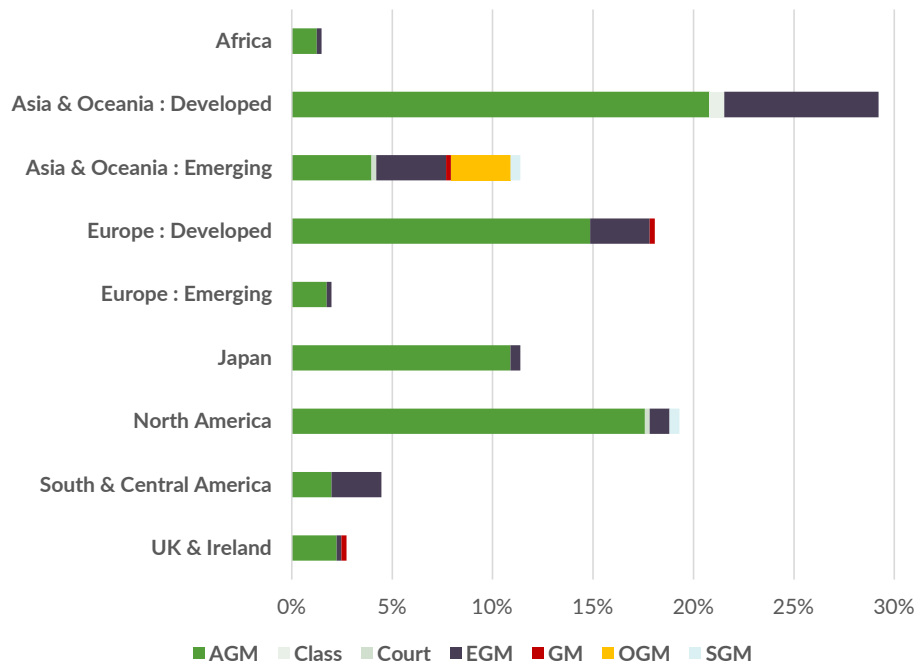
## [ESG Features](#)

## [Voting Highlights](#)

- Blue Sky Group has developed and implemented policies and procedures to ensure that its fiduciary obligation to vote proxies in the best interest of its participants is fulfilled.
- We actively exercise our rights as an owner of shares to promote responsible and sustainable practices in investee companies.
- We report on our Proxy Voting activities on a quarterly basis in keeping our commitments to our participants as well as the market reporting expectations.
- We have developed a Proxy Voting Policy, setting out our expectations for good corporate governance in the companies in which we invest. The policy has been developed based on global best practice guidelines such as the [ICGN Global Corporate Governance Principles](#) of Corporate Governance, the [G20/OECD Principles of Corporate Governance](#), the [UN Guiding Principles on Business and Human Rights](#) and the [UN Sustainable Development Goals \(SDGs\)](#).
- All data comes from [Minerva Analytics](#), our Proxy Voting service provider.

## Vote Summary by Region

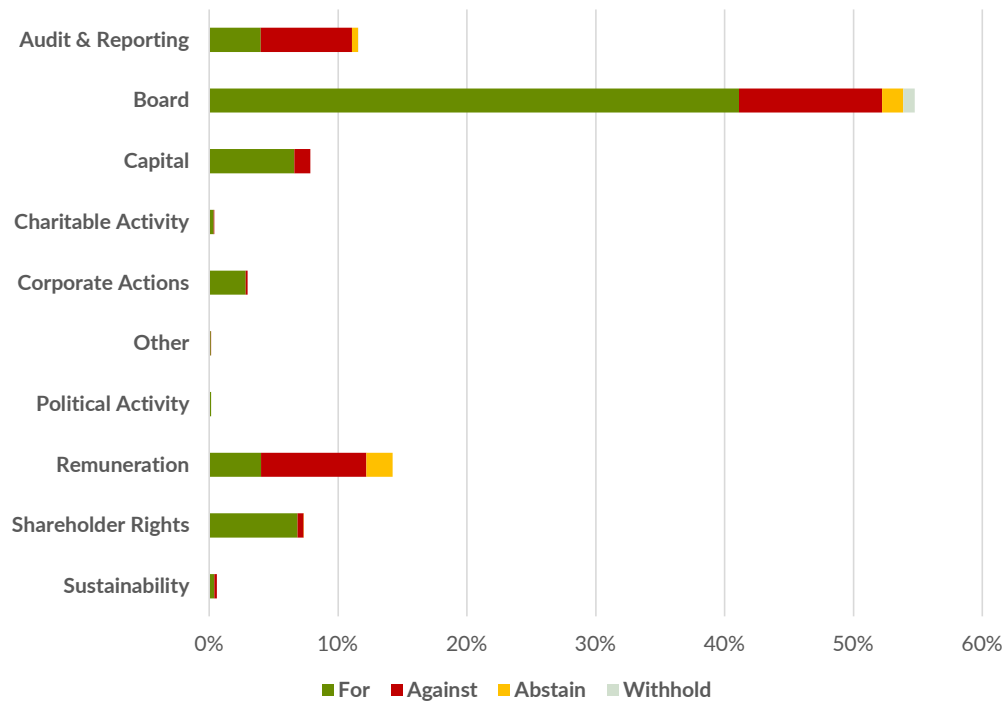
Vote Summary – 2023 Q1



Region	Event Type								Total
	AGM	Class	Court	EGM	GM	OGM	SGM	SSM	
Africa	5	0	0	1	0	0	0	0	6
Asia & Oceania : Developed	84	3	0	31	0	0	0	0	118
Asia & Oceania : Emerging	16	0	1	14	1	12	2	0	46
Europe : Developed	60	0	0	12	1	0	0	0	73
Europe : Emerging	7	0	0	1	0	0	0	0	8
Japan	44	0	0	2	0	0	0	0	46
North America	71	0	1	4	0	0	2	0	78
South & Central America	8	0	0	10	0	0	0	0	18
UK & Ireland	9	0	0	1	1	0	0	0	11
<b>Total</b>	<b>304</b>	<b>3</b>	<b>2</b>	<b>76</b>	<b>3</b>	<b>12</b>	<b>4</b>	<b>0</b>	<b>404</b>

## Vote Summary by Resolution Category

Vote Summary - 2023 Q1



Resolution Category	Votes				Total
	For	Against	Abstain	Withheld	
Audit & Reporting	177	314	20	2	513
Board	1,821	491	73	40	2,425
Capital	293	54	0	0	347
Charitable Activity	15	2	0	0	17
Corporate Actions	125	7	0	0	132
Other	5	1	0	0	6
Political Activity	7	0	0	0	7
Remuneration	178	362	90	0	630
Shareholder Rights	303	21	1	0	325
Sustainability	17	9	0	0	26
<b>Total</b>	<b>2,941</b>	<b>1,261</b>	<b>184</b>	<b>42</b>	<b>4,428</b>

- During the first quarter of 2023, we voted on 404 events and 4,428 resolutions.

## Shareholder Proposal Vote Summary

Shareholder proposals are resolutions put forward by shareholders who want the board of a company to implement certain measures, for example around environmental, social and governance (ESG) or sustainability practices.

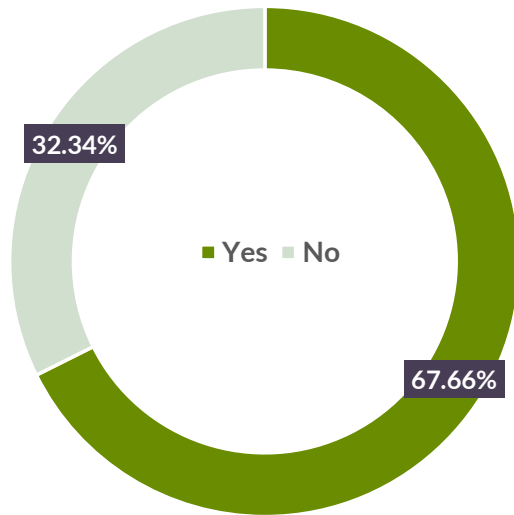
We value the right of shareholders to submit proposals to company general meetings. We will vote in favour of shareholder proposals that promote good corporate citizenship while enhancing long-term shareholder value, sustainability, and good governance.

We will vote against shareholder proposals that are misaligned with these principles and proposals that, in our assessment, are considered duplicative of existing company disclosure, practice and policy; are too prescriptive or seek to micromanage companies; and where the board has provided a commitment to address the issue raised by the proponent.

Resolution Category	Votes				
	For	Against	Abstain	Withheld	Total
Audit & Reporting	0	0	0	0	0
Board	7	0	0	0	7
Capital	1	0	0	0	1
Charitable Activity	0	0	0	0	0
Corporate Actions	2	0	0	0	2
Other	0	0	0	0	0
Political Activity	0	0	0	0	0
Remuneration	3	0	0	0	3
Shareholder Rights	6	0	0	0	6
Sustainability	9	8	0	0	17
<b>Total</b>	<b>28</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>36</b>

- During the first quarter of 2023, we voted on 36 shareholder-proposed resolutions.

### Management Recommendation Followed



Votes in line with Management Recommendation	2,996
Votes NOT in line with Management Recommendation	1,432

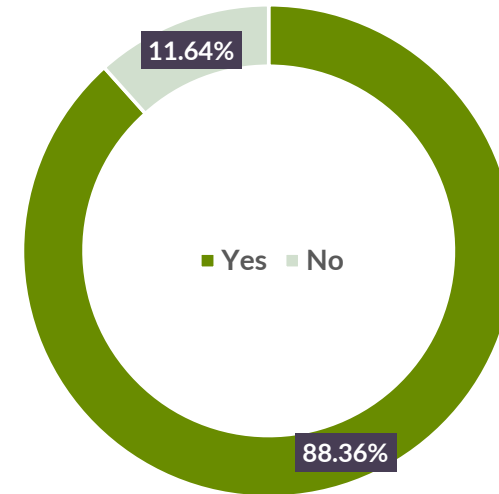
### Summary Votes by Proposer



- We use the Sustainable Development Goals (SDGs) to identify Environmental, Social and Governance risks and opportunities. We have identified the below five SDGs themes as priorities.

	<b>SDG 7 - Affordable and Clean Energy</b>
	<b>SDG 8 - Decent Work and Economic Growth</b>
	<b>SDG 9 - Industry, Innovation and Infrastructure</b>
	<b>SDG 12 - Responsible Consumption and Production</b>
	<b>SDG 13 - Climate Action</b>

### SDGs Referenced



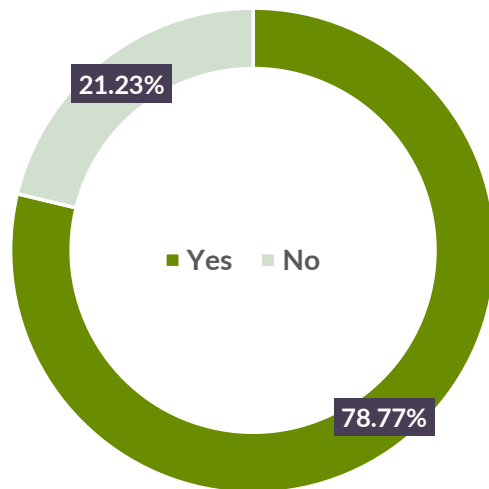
- As part of the Data collection and Research process, Minerva identifies those companies that have referenced the SDGs in their disclosures. In the first quarter of 2023, 88.36% of the companies that held events that we voted on have a material reference to the SDGs.





- We expect companies to have a strategy for reducing carbon emission, to be clear about targets set and to report on the progress achieved.
- Generally, we support proposals that enhance disclosure and provide shareholders with a better view of the company’s practices. To this end, we support the adoption of globally recognised reporting frameworks such as [Task force on Climate related Financial Disclosures \(“TCFD”\)](#).

### TCFD Referenced



▪ Minerva has identified that approximately 78.77% of the Companies we voted on between 1 Jan 2023 and 31 Mar 2023 have made specific reference to the TCFD framework and alignment with the disclosure pillars.



[Introduction](#)

[Proxy Voting Snapshot](#)

[ESG Features](#)

[Voting Highlights](#)



Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
Apple Inc	Technology Hardware & Equipment	United States of America	10 Mar 2023	8 - To annually report on pay gaps across race and gender	Shareholders
				9 - To amend the proxy access for director nominations bylaw	Shareholders

Apple Inc is a designer, manufacturer and marketer of smartphones, personal computers, tablets, wearables and accessories, and sells a variety of related services.

At Apple Inc's AGM, we voted in favour of two resolutions proposed by shareholders that received over 30% support – a significant level.

At the AGM, shareholders filed a resolution requesting Apple report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Best practice pay equity reporting consists of two parts:

1. unadjusted median pay gaps, assessing equal opportunity to high paying roles,
2. statistically adjusted gaps, assessing pay between minorities and non-minorities, men and women, performing similar roles.

Whilst Apple reports statistically adjusted gaps, it does not report unadjusted gaps, which address structural bias women and minorities face regarding job opportunity and pay, particularly when men hold most higher paying jobs. Median gap reporting

also provides a digestible and comparable data point to determine progress over time and against peers. It was also noted that large company peers such as Microsoft and Adobe have committed to expanding their pay gap disclosures to include median pay.

We voted in favour of the proposal as we considered it would enhance transparency and provide shareholders with more reliable data consistent with emerging good practice. The proposal received 33.33% votes in favour.

Under resolution 9, shareholders asked the Board to amend its "Proxy Access for Director Nominations" bylaw to include the following changes or their equivalent for the purpose of increasing the potential number of nominees: *the number of "Shareholder Nominees" eligible to appear in proxy materials shall be 20% of the directors then serving or 2, whichever is greater.*

Apple's current proxy access bylaws restrict shareholder nominees to 20% of directors rounded down to the nearest whole number. Therefore, Apple allows shareholders to nominate only one director, given the current board size. We voted in favour of the proposal as enactment would strengthen shareholder rights and the proposal received 30.69% votes in favour.

[Introduction](#)

[Proxy Voting Snapshot](#)

[ESG Features](#)

[Voting Highlights](#)



Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
Becton, Dickinson & Company	Medical Equipment & Services	United States of America	24 Jan 2023	6 – To require shareholder approval of certain termination payments	Shareholders

Becton, Dickinson & Company is engaged in the manufacturing of medical devices, instrument systems, and reagents.

At Becton, Dickinson & Company's AGM, shareholders filed a resolution requesting that the Board seek shareholder approval of any senior manager's new or renewed pay package that provides for severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus.

"Severance or termination payments" include cash, equity or other pay that is paid out or vests due to a senior executive's termination for any reason. Payments include those provided under employment agreements, severance plans, and change-in-control clauses in long-term equity plans, but not life insurance, pension benefits, or deferred compensation earned and vested prior to termination.

The incumbent CEO/Chair Thomas Polen's cash severance provisions following a change of control entitle him to a payment equal to 36 months' salary, target bonus for year of termination, continuation of health and welfare benefits for a period of 3 years, and outplacement services.

We believe that severance payments to executive officers should be set at a reasonable level and avoid excessive payments to departing directors regardless of their reason for leaving. A concern that we monitor is where an executive is entitled to a 'golden parachute' on termination, that is a very generous severance payment.

We voted in favour of the shareholder proposal as we considered it would enhance remuneration governance practices and enhance accountability and shareholder oversight on severance pay. The shareholder proposal was successful receiving 61.42% votes in favour.

[Introduction](#)

[Proxy Voting Snapshot](#)

[ESG Features](#)

[Voting Highlights](#)



Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
Swiss Prime Site AG	Real Estate Investment & Services	Switzerland	21 Mar 2023	5.4 - To amend the Articles of Association in relation to Virtual general meeting	Management

Swiss Prime Site AG operates as a holding and real estate investment company.

On 19 June 2020, the Swiss Parliament passed a federal act amending company law (the revision of company law), and this act entered into force on 1 January 2023. The revision of company law has the aim of improving corporate governance, generally modernising company law and transferring the Ordinance Against Excessive Compensation in Listed Companies, which entered into force on 1 January 2014, into federal legislation.

The new company law creates the legal basis for holding the general meeting as a purely virtual event without a physical venue. Under resolution 5.4, the Swiss Prime Site Board put forward a resolution seeking shareholder approval for a new section to be added to the Company's Articles of Association (Article 10a para. 3) in order to grant the Board the ability to hold virtual-only general meetings. The Board stated even though there is currently no intention to hold virtual-only general meetings, it was considered appropriate to provide flexibility should the Board decide to hold a virtual-only general meeting in future.

Historically, institutional investors have been opposed to the use of virtual-only meetings and view the AGM as an important forum at which the Board is publicly accountable. Whilst investors did back the online switch during the coronavirus

pandemic, there have been concerns as to whether this temporary pandemic-related measure will become the new normal and the potential implications for shareholder rights.

Hybrid formats (allowing both physical and virtual participation) which provide a meaningful opportunity for shareholders to participate in the meeting and interact with board and management are generally considered as best practice by investors.

Whilst generally an online AGM should not be held without also offering a physical AGM where the company's board and shareholders attend in person (i.e., a 'hybrid meeting'), it is recognised that in exceptional circumstances, a physical AGM may not always be possible and in such circumstances, a virtual-only AGM may be supported on a temporary basis, such as a result of a pandemic or national emergency.

We voted against the resolution as we consider hybrid meetings to be best practice and were concerned that the proposed article would grant the Company to ability to hold virtual-only meetings in all circumstances without a caveat that they would only be held in exceptional circumstances. Whilst the resolution passed, the item received 40.94% shareholder dissent – a significant minority.

# Glossary

## ■ Meeting Types

- **AGM** - Annual General Meeting: meeting normally required by law taking place on an annual basis.
- **Class** - Class Meeting: shareholders holding a class of share are required to make a decision binding on the company.
- **Court** - Court meeting: where shareholders can order an annual meeting or a special meeting from a court or where a meeting is called by a Court of Law to approve a Scheme of Arrangement
- **EGM** - Extraordinary General Meeting: meeting is required to conduct business of an urgent or extra-ordinary nature. Such business may require a special quorum or approval level.
- **GM** - General Meeting: term often used interchangeably with the term EGM,OGM, SGM, depending on the term used by the company in question.
- **OGM** - Ordinary General Meeting: term often used interchangeably with the term EGM,GM, SGM, depending on the term used by the company in question.
- **SGM** - Special General Meeting: term often used interchangeably with the term EGM,GM, OGM, depending on the term used
- **SSM** - Scheme Meeting: term often used interchangeably with the term Court, depending on the market in question.

## ■ Vote Types

- **Abstain** - Shareholder's vote not in favour or against the proposed resolution, but shareholder demonstrates lack of confidence towards the rationale behind the resolution.
- **Against** - Shareholder's vote against the resolution proposed.
- **For** - Shareholder's vote in favour of the resolution proposed.
- **Withhold** - For North America auditor and director election resolutions, shareholder vote not in favour of the resolution proposed.

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For more information please email [hello@minerva.info](mailto:hello@minerva.info) or call + 44 (0)1376 503500

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