PENSIOENFONDS Blue Sky Group

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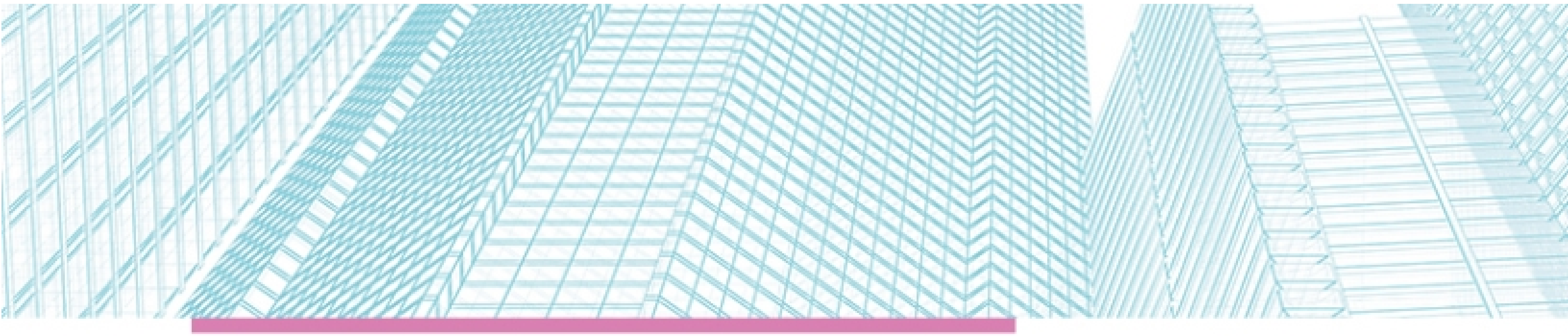

Proxy Voting Report

Period: January 01, 2019 - March 31, 2019

Votes Cast	**2728**	**Number of meetings**	**291**
For	2278	With management	2272
Withhold	0	Against management	456
Abstain	7		
Against	440		
Other	3		
Total	**2728**	**Total**	**2728**

In 198 (68%) out of 291 meetings we have cast one or more votes against management recommendation.

General Highlights

Gender Diversity: Balancing Out the Scales

Research shows that a gender-balanced workforce positively supports corporate performance in relation to either the company's profitability, risk reduction, or share price. A gender diverse workforce at all levels of the organization can support business and financial performance while improving human capital management. Gender diversity has become a very relevant topic in the international corporate governance arena. A Spencer Stuart survey found that in 2018, 40% of incoming directors on S&P 500 boards were women. This has translated into an overall female representation of 24% across S&P 500 boards, up 2% from the previous year.

In several markets, it is common to include nominations to the board of directors in shareholder meeting agendas. Before casting our votes, a thorough assessment of the overall board diversity in terms of tenure, skills, gender and external commitments is conducted, and compared to local best practices. Key expectations towards companies include increasing the disclosures related to gender diversity throughout the workforce, equal remuneration practices, and disclosure of how gender diversity is approached at the board level. However, commitments put forward by companies to enhance diversity are not always followed by concrete policies.

Insufficient disclosure has, as a result, been the topic of shareholder resolutions filed at companies' AGMs, seeking enhanced disclosures on both female workforce representation at different job levels and equal remuneration opportunities. We believe that addressing these topics would support companies to better attract and retain talent while enhancing the value of their human capital.

In the last couple of years, an increasing amount of gender-related shareholder resolutions have been filed, predominantly in the US. The content of these resolutions ranges from requesting companies to issue either a gender pay gap or employment diversity report to enhance diversity at the board level. Receiving on average 28% of votes in favor, it sends a clear signal to the company regarding the relevance of the topic for a large proportion of shareholders and creates an incentive to address the topic. The rationale behind such proposals is that enhanced disclosures on gender diversity within the workforce would benefit shareholders, as failure to address these matters could present significant legal, reputational, and talent-retention concerns for companies.

Market Highlights

Corporate Governance Update: China and Hong Kong

In China, one of the most pressing corporate governance concerns is the level of transparency and disclosure provided by publicly listed companies. With the growing influence of Party Committees (PC), the decision-making process at Boards is becoming more opaque. A Party Committee consists of members who oversee the board and are affiliated with the Chinese Communist Party (CCP).

The long-term effect of a PC on board independence is relatively unclear. In some cases, the PC is the highest decision-making body, whereas in other instances the PC is a means to uphold corporate interests for the government. In state owned enterprises, PCs can have the final say on material issues for the company. PCs are less common in private and foreign-owned companies, but the pressure to form them is increasing. The issue remains that little if any disclosure is given on how the PC operates, making it difficult for foreign investors to assess board quality. Although the government contends that party committees will improve corporate governance, many investors remain skeptical.

While Hong Kong can be considered a regional frontrunner in corporate governance, it can also be the first to encounter new corporate governance issues. One such issue is the introduction of dual-class share (DCS) listings on the Hong Kong and Shanghai stock exchanges. A company with DCS can offer shares with different voting rights, allowing the company or other shareholder to retain control despite being publicly listed. In Hong Kong, the difference in voting rights between share classes cannot exceed 10:1. Nonetheless, many institutional investors including Robeco, are opposed to dual-class shares as they limit the influence of minority shareholders.

DCS is commonly employed by companies in the technology industry, which are what the HKSE hopes to attract. However, since it was introduced in 2017, the number of newly listed DCS companies in Hong Kong has been underwhelming and the promise that DCS would create a new home for technology giants has yet to be delivered.

Corporate Governance Update: Korea

The Korean corporate governance system remains significantly weaker than its peers in the region. Korean companies operating internationally are becoming more aware that they must benchmark their practices against global standards of governance and sustainability, rather than just their local peers. Recent changes implemented by the Act on External Audit of Stock Companies aim to improve independence, corporate accountability and regulatory control in the market.

Companies' audit committees or statutory auditors will be the designated parties to appoint the external auditor. In the past, this responsibility was placed with the companies' management team. During the first quarter of 2019, most Korean companies have put up for vote at their shareholder meetings a proposal requesting the amendment of their articles of association to reflect the new duties of the audit committee or statutory auditor board. We support this development as it reinforces external auditors' independence, and have therefore voted in favor of most of these resolutions.

Nonetheless, it remains challenging for shareholders to access the audited financial statements prior to exercising our voting rights at Annual General

Meetings (AGM). According to the Korean Commercial Act, companies must disclose the notice and circular for convocation of a general meeting at least 14 days prior to the meeting date. The same regulation states that listed companies shall publish their audited financial statements at least seven days prior to the AGM.

Those shareholders voting via proxy normally need to send their voting instructions two weeks prior to the AGM. We refrain from supporting the approval of financial statements in case we do not have access to the auditor's unqualified opinion. Moreover, we believe that the chairman of the audit committee shall be held accountable for the failure to disclose this information in a timely manner for those shareholders voting electronically. Should this director be up for vote at the AGM, a vote against his reappointment is warranted.

Voting Highlights

Walgreens Boots Alliance Inc - 01/25/2019 - United States
Proposal: Shareholder Proposal regarding Independent Chair

Walgreens Boots Alliance, Inc. operates as a pharmacy-led health and wellbeing company. It operates through three segments: Retail Pharmacy USA, Retail Pharmacy International, and Pharmaceutical Wholesale. Walgreens Boots Alliance, Inc. was founded in 1901 and is based in Deerfield, Illinois.

Board independence is a central battleground in today's corporate governance landscape. Differing market requirements and best practices vie for authority, each seeking to ideally balance the need for conflict-free oversight and the valuable input of insiders. Nonetheless, the percentage of independent directors on a board alone does not tell the whole story – particularly in the US, where Executive Chairs and combined CEO-Chairman positions remain the norm. According to executive and board advisory firm Spencer Stuart, only 31% of S&P 500 boards feature an independent chair. Walgreens Boots Alliance, therefore, saw a shareholder proposal filed at its 2019 AGM that aimed to install an independent Chairman.

Empirical evidence on the effects of electing an independent Chair is mixed, especially when the move emanates from direct shareholder pressure, rather than internal willingness or structural reasons. Nonetheless, academic studies have found links between independent Chairs and better long-term shareholder returns and lower executive compensation costs. These findings support our view that having an independent Chairperson amounts to international best practice, as underlined by the International Corporate Governance Network (ICGN) Global Governance Principles, an important set of guidelines that call for an independent Chair. Ultimately, the fact that an independent Chair is better able to oversee the executives of a company and set a pro-shareholder agenda warranted our support for the shareholder proposal.

The Walgreens Boots Alliance board already comprised a Lead Independent Director (LID), as prescribed by the company's bylaws. The company argued that the board had already vested significant responsibility in the LID, including the ability to convene 'executive sessions' with only independent board members and leading the annual board evaluation of the Chairman and CEO. Nonetheless, we also note that, in addition to the Executive Chair, the CEO was designated as Vice Chairman of the board, with little disclosure on the scope of responsibilities this position entails.

With both the Chair and Vice Chair being members of management, the shareholder proposal's request for an independent Chairman would ensure better board oversight at the company. Seeking to support corporate governance best practice, we supported the proposal, which received 38% votes in favor.

Tyson Foods, Inc. - 02/07/2019 - United States
Proposal: Election of Directors

Tyson Foods, Inc. produces, distributes, and markets chicken, beef, pork, prepared foods, and related allied products. The Company's products are marketed and sold to national and regional grocery retailers, regional grocery wholesalers, meat distributors, warehouse club stores, military commissaries, and industrial food processing companies.

At Tyson's AGM in 2018, we supported a shareholder proposal requesting the company to adopt and implement a water stewardship policy designed to reduce risks of water contamination at facilities owned by Tyson and its suppliers. Water is a critical resource for Tyson's meat production but represents a wide range of material sustainability issues for the company and society at large. These issues include excessive wastewater discharges at slaughtering facilities, unmanaged livestock manure at animal facilities, and excess fertilizer runoff associated with growing animal feed. Since many of Tyson's competitors started tackling these issues, and not doing so poses a reputational risk, creating and abiding to a water stewardship policy has become increasingly urgent.

Approximately 64% of unaffiliated shareholder votes were cast in support of the proposal. However, due to the companies dual-class share structure, whereby Tyson Limited Partnership controls approximately 70% of the Company's total voting power, the proposal only received 15% votes in favor. As institutional investors we support the 'one share one vote' principle: that voting rights are proportional to the capital contribution used to purchase shares. Companies can deviate from this principle by using dual-class shares with different voting rights, such as loyalty or preference shares. Despite the overwhelming support for the proposal by all shareholders, Tyson has been silent on the matter.

The directors on the governance committee are responsible for overseeing and implementing corporate governance practices within the board and company. Given the company's neglect towards shareholder concern, Tyson's governance committee should be held accountable. As the number of pressing shareholder proposals increases, so does the urgency of resolving the company's governance issues. Since this is an ongoing issue at the company and has yet to be acknowledged, during the 2019 AGM we voted against the re-election of all directors serving on the governance committee.

Apple Inc - 03/01/2019 - United States
Proposal: Advisory Vote on Executive Compensation

Apple Inc. designs, manufactures, and markets mobile communication and media devices and personal computers, along with a variety of software, services, accessories, and third-party digital content and applications. Apple Inc. was founded in 1977 and is headquartered in Cupertino, California.

Executive compensation shall be defined in a way that it provides adequate incentives to top management linked to the company's performance while providing sufficient safeguards for investors. We acknowledge Apple's strong financial performance. Net income has increased by 23% and top line growth by 15% compared to figures from 2017. Nonetheless, at its shareholder meeting, we voted against the advisory vote on executive compensation due to several concerns regarding the structure of the pay package.

Apple's management team is currently incentivized through an annual bonus plan lacking a comprehensive clawback policy. In effect, the company's CEO received his entire variable pay under the annual bonus plan and therefore was not subject to such recoupment policy. We encourage the company to extend its current clawback policy to all components comprising the variable pay, as it constitutes a widely-accepted market practice and an important safeguard for shareholders.

Having an adequate remuneration package in place to attract and retain qualified executives is crucial when recruiting new employees. Sign-on bonuses shall compensate incoming employees for payments foregone from their previous employer within reasonable limits. Apple provided a sign-on pay package to a Senior Vice President in connection with her hiring exceeding the compensation waived from her previous employer.

We would encourage the company to revise the one-time payments provided for hiring purposes to ensure these cover the foregone remuneration from the previous employer, whilst being dependent upon concrete performance metrics and preferably awarded as stock units.

The way an executive remuneration policy is structured has a deep impact on the focus, risk appetite and decision-making process for top management. Despite having a positive view on the financial performance of the company, we believe there is room for improvement in the structure of Apple's compensation plan. We will monitor how the remuneration policy evolves going forward.

F5 Networks, Inc. - 03/14/2019 - United States
Proposal: Advisory Vote on Executive Compensation

F5 Networks, Inc. develops and sells application delivery networking products that optimize performance of network applications, servers, and storage systems. F5 Networks, Inc. was founded in 1996 and is headquartered in Seattle, Washington.

The discussion around executive compensation often centers on the seemingly ever-rising amounts deposited in CEO's bank accounts. Whilst the height of total compensation is an important element to consider, it is vital not to lose sight of how remuneration committees arrive at a final figure. Shareholders should consider whether pay packages are sufficiently competitive to attract talented managers and appropriately incentivize them to outperform. As a result, our executive compensation analysis looks at over 40 indicators that cover structure, transparency, and non-financial targets, in addition to the total quantum. We found sufficient evidence to vote against F5 Networks' executive compensation for 2018.

In the case of F5 Networks, our structural analysis identified weaknesses in the balance between fixed and variable pay and the fact that both short and long term incentive plans (STIP and LTIP, respectively) heavily depended on revenue targets. This is compounded by a one-year performance period for awards under the LTIP, resulting in the same performance being rewarded under both STIP and LTIP. A diversified set of metrics and performance periods across remuneration components better rewards executives for overall company performance and avoids an excessively narrow focus on certain targets. We welcomed the addition of a relative total shareholder return (TSR) metric to the LTIP. However, the plan allowed vesting of awards at performance levels below the peer group median, thereby rewarding underperformance.

In the period under review, several F5 Network executives received significant sign-on bonuses, without clarification of whether these compensated previously forfeited awards. Furthermore, the compensation committee granted a discretionary cash retention award in 2018. It should be noted that the recipient left the company before becoming eligible for the bonus. Nonetheless, the same officer and another executive had also received restricted stock unit (RSU) retention awards in 2016, the vesting of which was accelerated in 2018 at a value of over USD 2 million. We strongly oppose these discretionary compensation practices, as the subversion of plan-based awards and their vesting conditions undermines the integrity of performance-based incentives.

Based on multiple concerns around structure and exercised discretion, we voted against the advisory vote on executive compensation, along with nearly 19% of shareholders.

Starbucks Corp. - 03/20/2019 - United States

Proposal: Shareholder Proposal on Sustainable Packing

Starbucks Corporation operates as a roaster, marketer, and retailer of specialty coffee worldwide. Its offers coffee and tea beverages, roasted whole bean and ground coffees, and food and snacks. Starbucks Corporation was founded in 1971 and is based in Seattle, Washington.

Plastic pollution on land and water has risen in prominence dramatically as an environmental issue recently, as new studies showed far higher rates of plastic ending up in oceans than previously estimated. Environmental issues arising from the use of resources are considered a financially material topic for the restaurant sector. We supported a shareholder proposal filed at Starbucks' shareholder meeting asking the company to report on how they plan to reduce their environmental impact through sustainable packaging initiatives.

The company identified as its main environmental liability the waste generated by its single use drinking packages. To tackle this matter, in 2008 the company pledged that 25% of beverages would be served in reusable containers by 2015. The target was decreased to 5% in 2011 and the last figure reported in 2016 indicates that only 1.4% of beverages are served in reusable cups. We want the company to improve its strategy to promote reusables by establishing more ambitious targets and monitoring the use of these reusable containers throughout their stores.

Even though the company operates in 75 countries, the current reusability and recycling goals apply only to North America and parts of Western Europe. Starbucks is lagging peers such as McDonald's, who published an industry-leading commitment to recycle all on-site packaging at 37,000 locations globally by 2025. Taking into account that Starbucks operates more than 3,000 stores in China and plans to double this figure by 2021, we supported this resolution as the company shall step up its global recycling commitments and extend it to all its stores, with a special focus on the fast-paced growing Asian market.

This resolution was also filed last year and received 29.2% of votes in favor. Shareholders would benefit from management discussions on how the company intends to minimize its environmental impact and avoid reputational risks. We would expect a detailed plan to achieve high reusable container goals and to provide recycling opportunities globally.