



Blue Sky Group

## 2022 Q3 - Quarterly Proxy Voting Report

21 October 2022

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[Proxy Voting Snapshot](#)

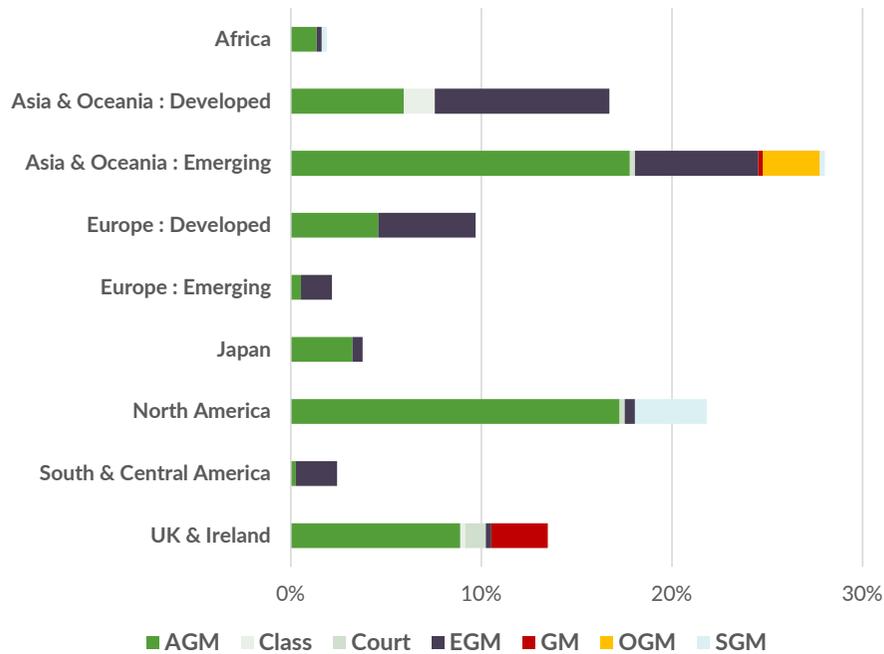
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- Blue Sky Group has developed and implemented policies and procedures to ensure that its fiduciary obligation to vote proxies in the best interest of its participants is fulfilled.
- We actively exercise our rights as an owner of shares to promote 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

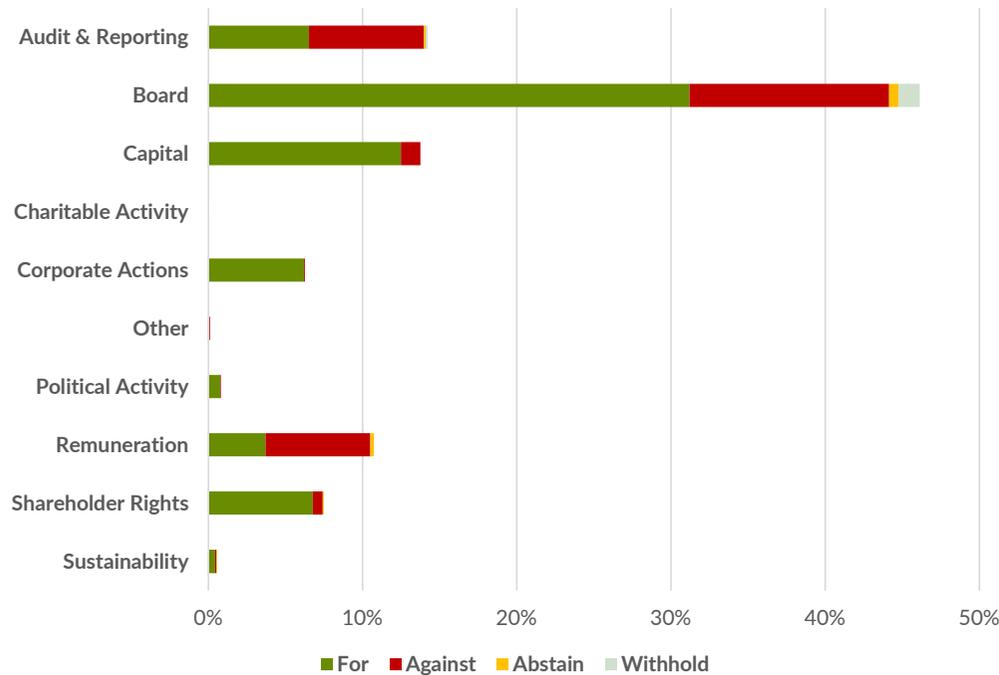
Vote Summary – 2022 Q3



| Region                     | Event Type |          |          |           |           |           |           | Total      |
|----------------------------|------------|----------|----------|-----------|-----------|-----------|-----------|------------|
|                            | AGM        | Class    | Court    | EGM       | GM        | OGM       | SGM       |            |
| Africa                     | 5          | 0        | 0        | 1         | 0         | 0         | 1         | 7          |
| Asia & Oceania : Developed | 22         | 6        | 0        | 34        | 0         | 0         | 0         | 62         |
| Asia & Oceania : Emerging  | 66         | 0        | 1        | 24        | 1         | 11        | 1         | 104        |
| Europe : Developed         | 17         | 0        | 0        | 19        | 0         | 0         | 0         | 36         |
| Europe : Emerging          | 2          | 0        | 0        | 6         | 0         | 0         | 0         | 8          |
| Japan                      | 12         | 0        | 0        | 2         | 0         | 0         | 0         | 14         |
| North America              | 64         | 0        | 1        | 2         | 0         | 0         | 14        | 81         |
| South & Central America    | 1          | 0        | 0        | 8         | 0         | 0         | 0         | 9          |
| UK & Ireland               | 33         | 1        | 4        | 1         | 11        | 0         | 0         | 50         |
| <b>Total</b>               | <b>222</b> | <b>7</b> | <b>6</b> | <b>97</b> | <b>12</b> | <b>11</b> | <b>16</b> | <b>371</b> |

## Vote Summary by Resolution Category

Vote Summary – 2022 Q3



| Resolution Category | Votes        |            |           |           | Total        |
|---------------------|--------------|------------|-----------|-----------|--------------|
|                     | For          | Against    | Abstain   | Withheld  |              |
| Audit & Reporting   | 211          | 241        | 4         | 4         | 460          |
| Board               | 1,010        | 419        | 20        | 44        | 1,493        |
| Capital             | 404          | 41         | 0         | 0         | 445          |
| Charitable Activity | 1            | 0          | 0         | 0         | 1            |
| Corporate Actions   | 200          | 2          | 0         | 0         | 202          |
| Other               | 1            | 2          | 0         | 0         | 3            |
| Political Activity  | 25           | 1          | 0         | 0         | 26           |
| Remuneration        | 120          | 220        | 7         | 0         | 347          |
| Shareholder Rights  | 219          | 21         | 2         | 0         | 242          |
| Sustainability      | 14           | 3          | 1         | 0         | 18           |
| <b>Total</b>        | <b>2,205</b> | <b>950</b> | <b>34</b> | <b>48</b> | <b>3,237</b> |

- During the third quarter of 2022, we voted on 371 events and 3,237 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 ESG or sustainability practices.

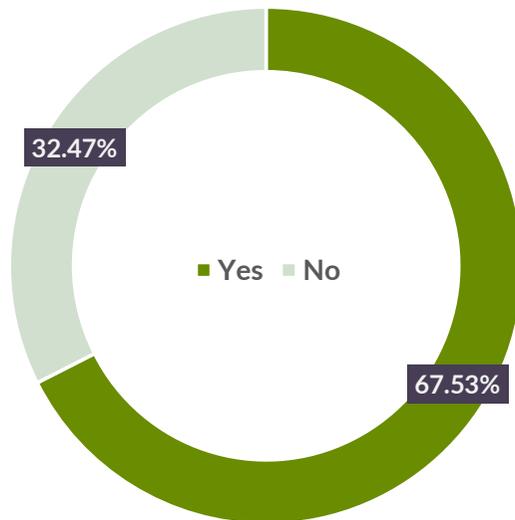
We value the right of shareholders to submit proposals to company general meetings. We will vote in favour of shareholder proposals that promote good corporate citizenship while enhancing long-term shareholder value, sustainability, and good governance.

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               | 8         | 1        | 1        | 0        | 10        |
| Capital             | 0         | 0        | 0        | 0        | 0         |
| Charitable Activity | 0         | 0        | 0        | 0        | 0         |
| Corporate Actions   | 1         | 0        | 0        | 0        | 1         |
| Other               | 0         | 0        | 0        | 0        | 0         |
| Political Activity  | 3         | 0        | 0        | 0        | 3         |
| Remuneration        | 2         | 0        | 1        | 0        | 3         |
| Shareholder Rights  | 4         | 3        | 2        | 0        | 9         |
| Sustainability      | 11        | 2        | 0        | 0        | 3         |
| <b>Total</b>        | <b>29</b> | <b>6</b> | <b>4</b> | <b>0</b> | <b>39</b> |

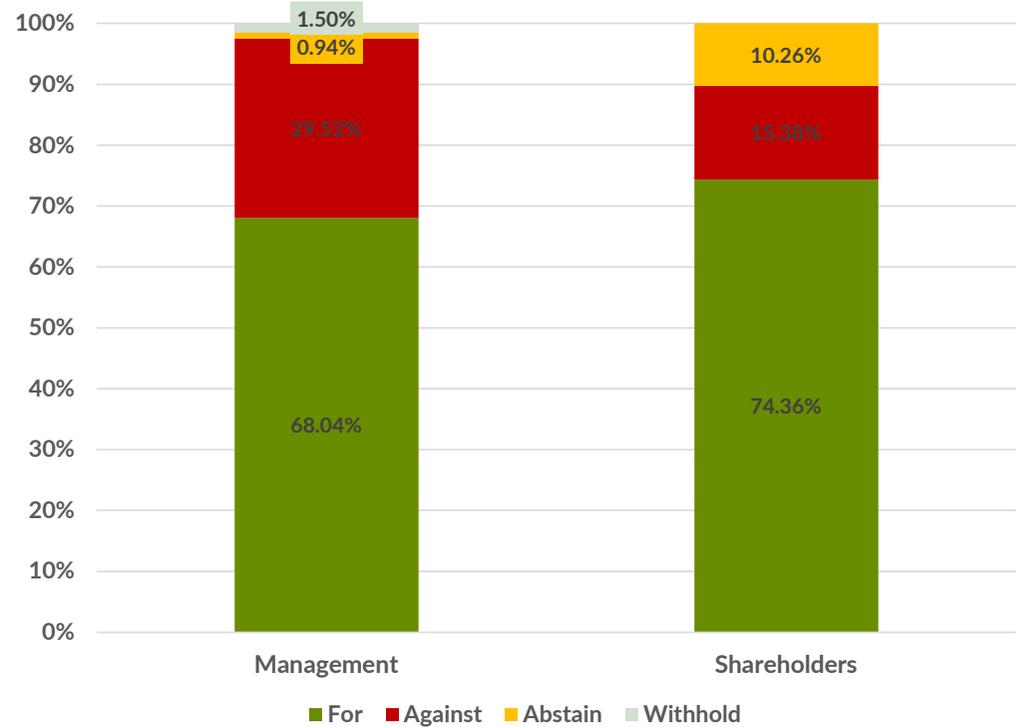
- During the third quarter of 2022, we voted on 39 shareholder-proposed resolutions.

### Management Recommendation Followed



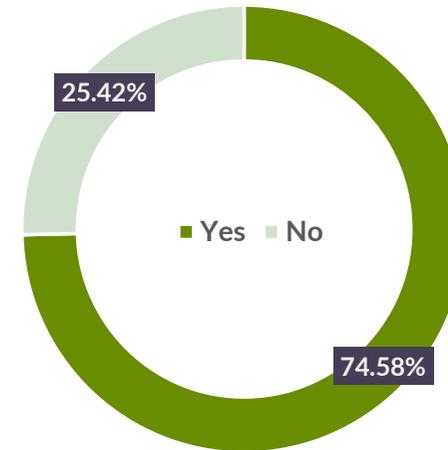
|  |       |
|--|-------|
| Votes in line with Management Recommendation     | 2,186 |
| Votes NOT in line with Management Recommendation | 1,051 |

### 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.

**SDGs Referenced**

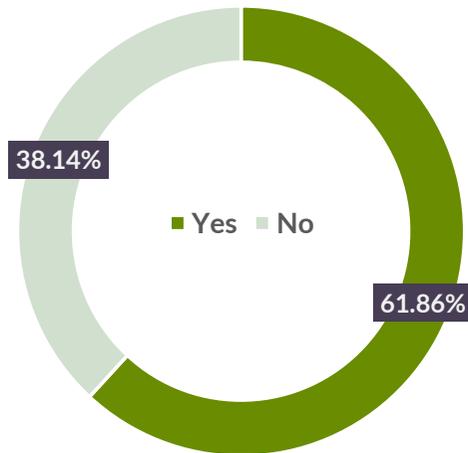


- As part of the Data collection and Research process, Minerva identifies those companies that have referenced the SDGs in their disclosures. In the third quarter of 2022, 74.58% of the companies that held events that we voted on have a material reference to the SDGs.



- 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 61.86% of the Companies we voted on between 1 Jul 2022 and 30 Sep 2022 have made specific reference to the TCFD framework and alignment with the disclosure pillars.



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| Company   | Sector    | Incorporated | Event: AGM  | Resolution   | Proposed by  |
|-----------|-----------|--------------|-------------|--|--------------|
| Linde plc | Chemicals | Ireland      | 25 Jul 2022 | 10 - To request that the Board take steps to adopt a simple majority vote policy | Shareholders |

Linde plc is incorporated in Ireland and is dual listed on the New York Stock Exchange and Frankfurt Stock Exchange. Linde is the largest industrial gas company worldwide. Its primary products in its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, and rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, and acetylene).

At Linde's 2022 AGM, shareholders put forward a resolution requesting any shareholder vote provision in Linde's Irish Constitution be a simple majority of the votes cast at a shareholder meeting and that any greater vote requirement (a "supermajority vote") be reduced to a simple majority.

A supermajority voting standard requires a large majority of shareholders to approve a resolution. In contrast, a simple majority voting standard requires a vote of more than 50% to approve a resolution. Because of the higher threshold requirement, supermajority voting provisions make it harder for shareholders to approve a resolution and can be used as an entrenching mechanism by management.

In Linde's Constitution there are nine shareholder actions that require special

resolution approval (75% of the votes cast at a meeting), and one that requires the vote of two-thirds of the outstanding shares. Whilst some of the provisions were intended to replicate the default provisions of Irish law, others did not and could potentially negatively impact shareholder rights.

The simple majority vote standard is seen as best practice by institutional guidelines. For example, the Council of Institutional Investors Corporate Governance Principles state that "a majority vote of common shares outstanding should be sufficient to amend company bylaws or take other action that requires or receives a shareholder vote."

We voted in favour of the proposal as we consider the use of a simple majority vote to be good practice and that enactment of the resolution would enhance shareholder rights and governance. The resolution was successful and received 52.32% votes in favour.

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| Company   | Sector              | Incorporated             | Event: AGM  | Resolution   | Proposed by  |
|-----------|---------------------|--------------------------|-------------|--|--------------|
| Tesla Inc | Automobiles & Parts | United States of America | 04 Aug 2022 | 6 - To amend the Bylaws to allow shareholders to make board nominations                                    | Shareholders |
|           |                     |                          |             | 7 - To request the Board to prepare a report to shareholders on Anti-Harassment and discrimination efforts | Shareholders |
|           |                     |                          |             | 9 - To request the Board to prepare a report to shareholders on Employee Arbitration                       | Shareholders |
|           |                     |                          |             | 10 - To request the Board to prepare a report to shareholders on lobbying                                  | Shareholders |
|           |                     |                          |             | 11 - Adoption of a freedom of association and collective bargaining policy                                 | Shareholders |
|           |                     |                          |             | 13 - To request the Board to prepare Additional Reporting on water risk                                    | Shareholders |

Tesla Inc designs and manufactures electric cars, battery energy storage from home to grid-scale, solar panels and solar roof tiles, and related products and services.

At Tesla's AGM, there were eight resolutions proposed by shareholders covering a wide range of environmental, social and governance issues. Of the eight resolutions, six (in the table above) received shareholder support of more than 30% - a significant level. We voted in favour of all such shareholder proposals as we considered the requested disclosure and/or policies would improve Company practice and provide greater transparency to shareholders.

The shareholder proposal asking for an amendment to the Bylaws to allow shareholders to make board nominations, also known as "proxy access", was successful receiving 50.89% votes in favour. It is considered good practice for boards to ensure that shareholders are able to nominate candidates for board appointment, subject to an appropriate threshold of share ownership.

The shareholder proposal requesting a report describing and quantifying the effectiveness and outcomes of the Company's efforts to prevent harassment and discrimination received the second highest level of support, 46.52% votes in favour.

There have been multiple news reports and allegations in recent years concerning gender and race discrimination at Tesla, including lawsuits by current and former employees. In light of the legal and reputational risks, we voted in favour as we considered the requested report would assist shareholders in assessing the effectiveness of the Company's workforce management processes. Reflecting these concerns around workforce issues at Tesla, there were also shareholder proposals asking for additional information on Tesla's use of employee arbitration and respect for freedom of association and collective bargaining that received over 30% support.

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| Company                           | Sector                       | Incorporated             | Event: AGM   | Resolution  | Proposed by |
|-----------------------------------|------------------------------|--------------------------|--------------|---|-------------|
| Take Two Interactive Software Inc | Software & Computer Services | United States of America | 16 Sept 2022 | 1d - To re-elect as a director, Michael Sheresky  | Management  |
|                                   |                              |                          |              | 2 - To approve an advisory vote on the remuneration of the Company's named executive officers | Management  |

Take Two Interactive Software Inc operates as a developer, publisher and marketer of interactive entertainment for consumers.

At Take Two Interactive Software's AGM, the advisory vote on the approval of executive compensation was defeated, with 58.10% of the shareholder ballot withholding support. We had concerns with the remuneration arrangements for the executives and therefore voted against the resolution.

Although the Board engaged with shareholders during the year as part of the update to the 2022 Management Agreement, which sets out the remuneration framework for CEO and Chairman Strauss Zelnick and President Karl Slatoff, the changes did not secure majority support from shareholders.

We had concerns with the structure of the annual incentive plan and long-term incentive awards. In particular, the annual incentive plan relied solely on one absolute financial metric in determining awards and we would have preferred to see a wider range of metrics used. In regard to the long-term incentives, we had concerns with the granting of awards which could vest without reference to

performance and the ability of performance shares to partially vest for below median TSR performance, which we did not consider sufficiently stretching.

Additionally, we believe it is good practice for the inclusion of environmental, social and governance issues when setting performance targets for incentive remuneration and also had concerns with the severance provisions in place for the executives.

We also voted against the resolution to re-elect Remuneration Committee Chair Michael Sheresky due to independence concerns. The resolution to re-elect Michael Sheresky received 22.08% shareholder dissent, a significant level of opposition for a director election.

We believe that independent non-executive directors should serve for an appropriate length of time to ensure they contribute an impartial perspective to board discussion and decision-making. Sheresky has served on the Board for more than 15 years and we had concerns with his independence and with the level of independent representation on the Remuneration Committee.

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| Company           | Sector         | Incorporated             | Event: AGM   | Resolution   | Proposed by  |
|-------------------|----------------|--------------------------|--------------|--|--------------|
| General Mills Inc | Food Producers | United States of America | 27 Sept 2022 | 5 - To request that the Board establish a policy of the Chairman being an independent director | Shareholders |
|                   |                |                          |              | 6 - To request that the Board report to shareholders on Plastic Packaging                      | Shareholders |

General Mills Inc is engaged in the manufacturing and marketing of consumer foods sold through retail stores.

At General Mills' AGM shareholders put forward two resolutions for a vote. The first shareholder proposal requested that the Board of Directors adopt an enduring policy, and amend the governing documents as necessary, in order that two separate people hold the office of the Chairman and the office of the CEO and wherever possible, that the Chairman shall be an independent director.

The second shareholder proposal requested General Mills to issue a report assessing if and how the Company can increase the scale, pace and rigor of its sustainable packaging efforts by reducing its absolute plastic packaging use.

We believe there should be a clear division of responsibilities between the role of the chair of the board and the CEO to avoid unfettered powers of decision-making in any one individual. In support of this good governance principle, we voted in favour

of the shareholder proposal asking the adoption of a policy requiring the Chairman be an independent director. The proposal received a significant level of support, 41.49% votes in favour, although not enough to pass.

Plastic packaging pollution is a rising concern and is garnering increased attention from legislators. General Mills could face material financial risk, which may be mitigated by disclosing further information about its plastic packaging footprint and how it plans to reduce it.

We voted in favour of the second proposal as we considered that in light of the reputational, regulatory and environmental risks involved, the adoption of measurable time-bound goals for reducing plastic packaging was in the best interests of the Company and shareholders. The proposal was successful receiving 55.67% votes in favour and we look forward to seeing how the Company responds to the shareholder request.

# 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: shareholders can either order an annual meeting or a special meeting.
- **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

## ■ 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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Minerva helps investors and other stakeholders to overcome data disclosure complexity with robust, objective research and voting policy tools. Users can quickly and easily identify departures from good practice based on their own individual preferences, local market requirements or apply a universal good practice standard across all markets.

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

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