



## 2022 Q4 - Quarterly Proxy Voting Report

31 January 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](#)

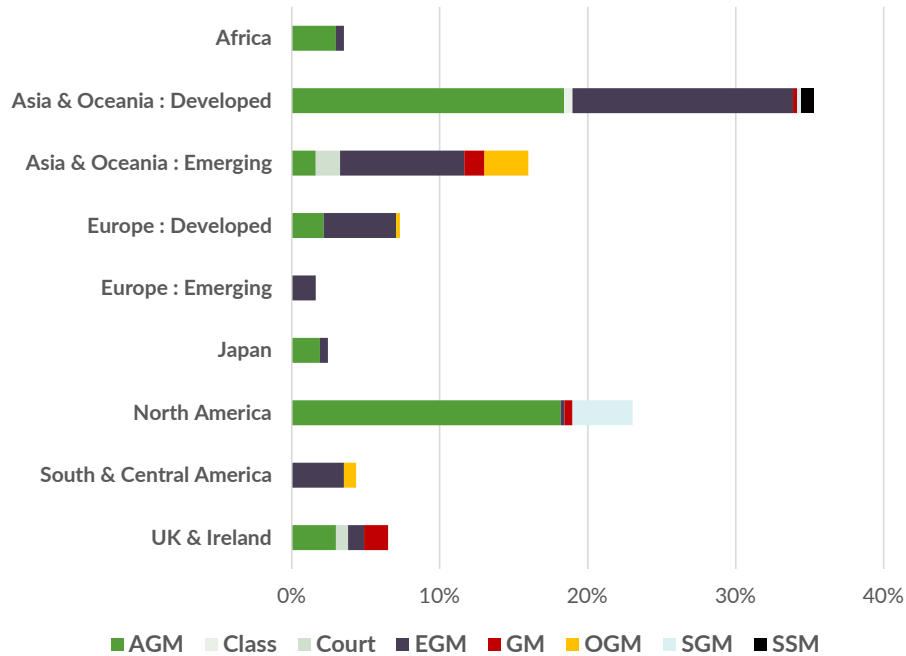
## [ESG Features](#)

## [Voting Highlights](#)

- Pensioenfonds Vliegend Personeel KLM 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

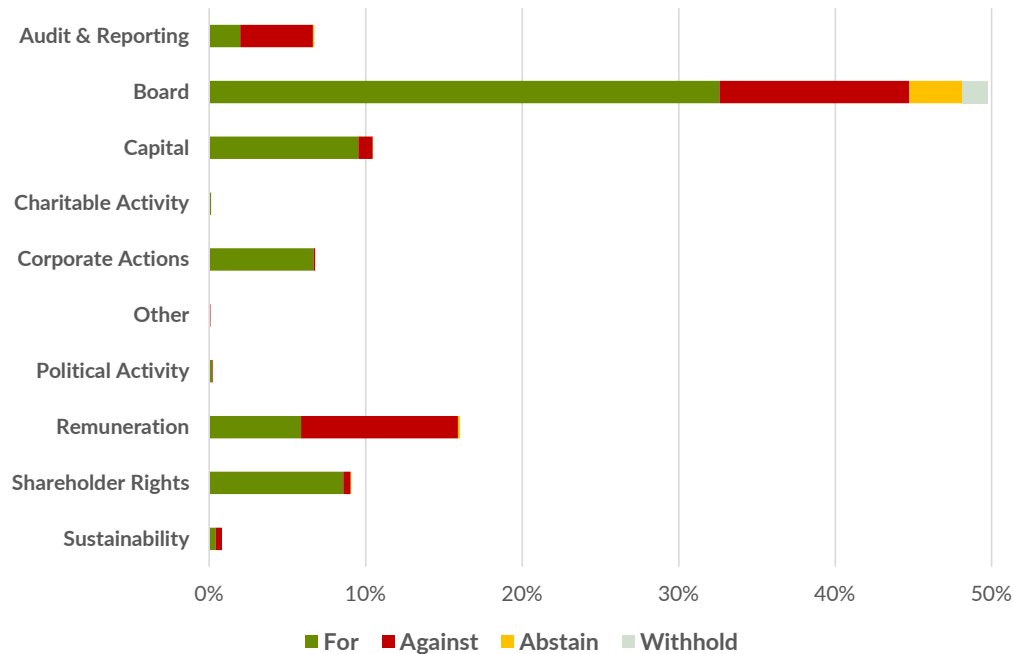
Vote Summary – 2022 Q4



Region	Event Type								Total
	AGM	Class	Court	EGM	GM	OGM	SGM	SSM	
Africa	11	0	0	2	0	0	0	0	13
Asia & Oceania : Developed	68	2	0	55	1	0	1	3	130
Asia & Oceania : Emerging	6	0	6	31	5	11	0	0	59
Europe : Developed	8	0	0	18	0	1	0	0	27
Europe : Emerging	0	0	0	6	0	0	0	0	6
Japan	7	0	0	2	0	0	0	0	9
North America	67	0	0	1	2	0	15	0	85
South & Central America	0	0	0	13	0	3	0	0	16
UK & Ireland	11	0	3	4	6	0	0	0	24
<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>	<b>369</b>

## Vote Summary by Resolution Category

Vote Summary - 2022 Q4



Resolution Category	Votes				Total
	For	Against	Abstain	Withheld	
Audit & Reporting	54	127	2	0	183
Board	890	331	93	44	1,358
Capital	260	25	1	0	286
Charitable Activity	3	0	0	0	3
Corporate Actions	182	3	0	0	185
Other	0	2	0	0	2
Political Activity	5	1	0	0	6
Remuneration	160	274	3	0	437
Shareholder Rights	234	13	1	0	248
Sustainability	11	11	0	0	22
<b>Total</b>	<b>1,799</b>	<b>787</b>	<b>100</b>	<b>44</b>	<b>2,730</b>

- During the fourth quarter of 2022, we voted on 369 events and 2,730 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.

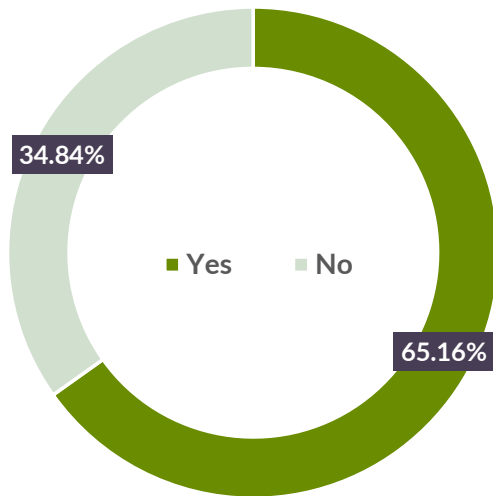
We value the right of shareholders to submit proposals to company general meetings. We will vote in favour of shareholder proposals that promote good corporate citizenship while enhancing long-term shareholder value, sustainability, and good governance.

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	6	3	0	0	9
Capital	1	0	0	0	1
Charitable Activity	0	0	0	0	0
Corporate Actions	0	1	0	0	1
Other	0	1	0	0	1
Political Activity	2	0	0	0	2
Remuneration	0	0	0	0	0
Shareholder Rights	9	1	0	0	10
Sustainability	11	8	0	0	19
<b>Total</b>	<b>29</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>43</b>

- During the fourth quarter of 2022, we voted on 43 shareholder-proposed resolutions.

### Management Recommendation Followed



Votes in line with Management Recommendation	1,779
Votes NOT in line with Management Recommendation	951

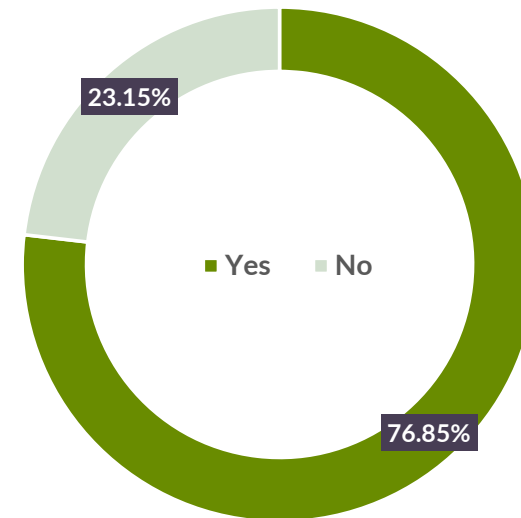
### Summary Votes by Proposer



- 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



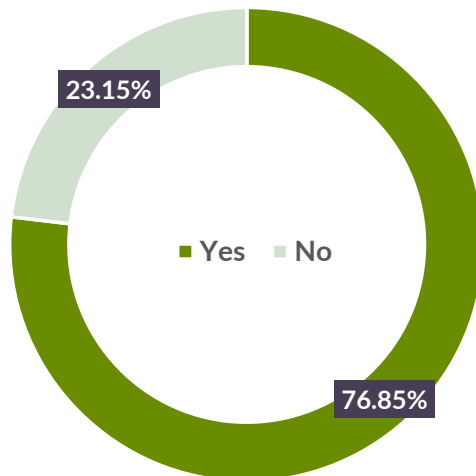
- As part of the Data collection and Research process, Minerva identifies those companies that have referenced the SDGs in their disclosures. In the fourth quarter of 2022, 76.85% of the companies that held events that we voted on have a material reference to the SDGs.





- 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 76.85% of the Companies we voted on between 1 Oct 2022 and 31 Dec 2022 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
Cintas Corp	Personal Goods	United States of America	25 Oct 2022	7 - To request the Board to take the steps necessary to amend the Bylaws so that a lower threshold is required for shareholders to call a special shareholder meeting	Shareholders
				7 - To adopt the remuneration report for the year ended 30 June 2022	Shareholders

Cintas Corp designs, manufactures and implements corporate identity uniform programs, and provides entrance mats, restroom supplies, promotional products, first aid, safety, fire protection products and services, carpet and tile cleaning and document management services.

At Cintas Corp's AGM shareholders filed two resolutions of which one concerned the shareholder right to call a special meeting and the second requested enhanced reporting on political donations. We voted in favour of both proposals as we considered they would enhance governance practices and transparency if enacted. Whilst neither proposal was successful, they did receive over 40% votes in favour each indicating significant shareholder support for the proposals.

Under resolution 7, shareholders requested Cintas' Board of Directors to lower the existing threshold required for the right for shareholders to call a special meeting from 50% to 10% of the outstanding shares.

The ability to call special meetings gives shareholders a way to bring important matters to the attention of both management and shareholders outside of the annual

meeting cycle and is generally considered an important shareholder right. Currently, a majority of companies in the S&P500 allow shareholders to call special meetings and institutional investors generally favour a threshold of between 10% to 15%.

Under resolution 8, shareholders requested that the Company produce an annual report disclosing its policies and procedures governing the use of corporate funds or assets to make political contributions.

We voted in favour of the proposal as we support transparency and accountability in corporate electoral spending. We expect companies to provide full disclosure and justification for political expenditures and generally disfavour the use of shareholder funds for political donations.

[Introduction](#)

[Proxy Voting Snapshot](#)

[ESG Features](#)

[Voting Highlights](#)



Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
Goodman Group Ltd	Real Estate Investment Trusts	Australia	17 Nov 2022	3 - To re-elect as a director, Phillip Pryke	Management
				7 - To adopt the remuneration report for the year ended 30 June 2022	Management

Goodman Group Ltd is principally engaged in owning, developing, and managing industrial property and business space.

Under the Australian remuneration strike system, a ‘first strike’ occurs when a company’s remuneration report receives an ‘against’ vote of 25% or more. A ‘second strike’ occurs when a company’s subsequent remuneration report also receives ‘against’ votes of 25% or more.

In the event of a second strike, the company has to put forward a board spill resolution at the AGM, and if passed, the company is required to hold a spill meeting within 90 days at which all individuals who were directors when the report was considered at the most recent AGM are required to stand for re-election other than the managing director.

The idea behind the strike system is to encourage greater transparency and engagement on remuneration as well as greater director accountability when boards are unresponsive to shareholder concerns. Shareholders however rarely, if ever, vote through the board spill resolution which could suggest the system may have limited effectiveness as shareholders may wish to avoid destabilising the board over remuneration concerns and therefore not support the vote.

At Goodman Group’s AGM, 31.46% of the shareholder ballot withheld support on the approval of the Company’s remuneration report. Given that at the 2021 AGM Goodman received a first strike, a spill motion was put forward at the AGM which was voted down by shareholders in-line with management recommendation.

We voted against the remuneration report as we had concerns with the alignment of executive pay with performance. In response to the vote, the Goodman Board has stated it will change the way it assesses the earnings per share performance condition under the long-term incentive plan.

At the AGM, we also voted against the re-election of non-executive director Phillip Pryke. The resolution to re-elect Pryke received 31.37% shareholder dissent. We had concerns with Pryke’s length of service on the Board and membership of key committees. 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.

[Introduction](#)

[Proxy Voting Snapshot](#)

[ESG Features](#)

[Voting Highlights](#)



Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
Microsoft Corp	Software & Computer Services	United States of America	13 Dec 2022	9 - To request that the Board issue a tax transparency report	Shareholders

Microsoft Corp is engaged in developing, licensing and supporting a range of software products and services.

At Microsoft's AGM, shareholders filed a proposal requesting the Board of Directors issue a tax transparency report. The proposal requested the report be prepared in consideration of the indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard. The GRI Tax Standard was developed in response to investor concerns regarding the lack of corporate tax transparency and the impact of tax avoidance on governments' ability to fund services and support sustainable development. It is the first comprehensive, global standard for public tax disclosure and requires public reporting of a company's business activities, including revenues, profits and losses, and tax payments within each jurisdiction.

We voted in favour of the proposal and it received over 20% votes in favour, a notable level of support. We believe tax avoidance to present governance, reputational and earnings risks for companies. Although some companies may argue that such practices can boost profits, this position is less defensible when tax

practices are subject to scrutiny by tax authorities and consequently result in unexpected reputational damage, litigation costs and penalties.

In May 2022 shareholders voted on the first tax transparency proposal of its kind in the United States of America market at Amazon.com Inc. As such, responsible tax practice and corporate tax transparency is still an emerging area of shareholder engagement. We expect further shareholder proposals to be filed on tax transparency in the 2023 AGM season.

# 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.

# DISCLAIMER

## ■ About Minerva

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

## ■ Copyright

This analysis has been compiled from sources which are believed to be reliable. No warranty or representation of any kind, whether express or implied, is given as to the accuracy or completeness of the report or its sources and neither Minerva Analytics nor its officers, directors, employees, or agents accept any liability of any kind in relation to the same. All opinions, estimates, and interpretations included in this report constitute our judgement as of the publication date, information contained with this report is subject to change without notice.

This report may not be copied or disclosed in whole or in part by any person without the express written authority of Minerva Analytics. Any unauthorised infringement of this copyright will be resisted. This report does not constitute investment advice or a solicitation to buy or sell securities, and investors should not rely on it for investment information.

## ■ Conflicts of Interest

Minerva Analytics does not provide consulting services to issuers, however issuers and advisors to issuers (remuneration consultants, lawyers, brokers etc.) may subscribe to Minerva Analytics research and data services.



## ▪ Contact details

- Thomas Bolger
  - Senior Stewardship Analyst
  - [Thomas.bolger@minerva.info](mailto:Thomas.bolger@minerva.info)
  - Tel: +44 (0) 1376 504505
- Maria Barata
  - Account Executive
  - [Maria.barata@minerva.info](mailto:Maria.barata@minerva.info)
  - Tel: +44 (0) 1376 504502