



2023 Q2 - Quarterly Proxy Voting Report

20 July 2023

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Introduction

Proxy Voting Snapshot

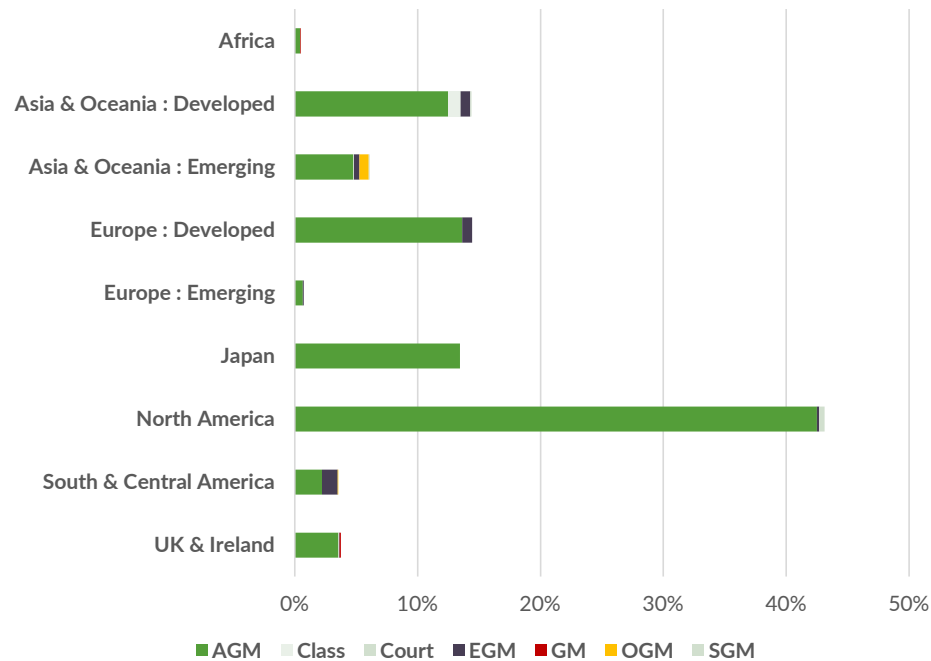
ESG Features

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

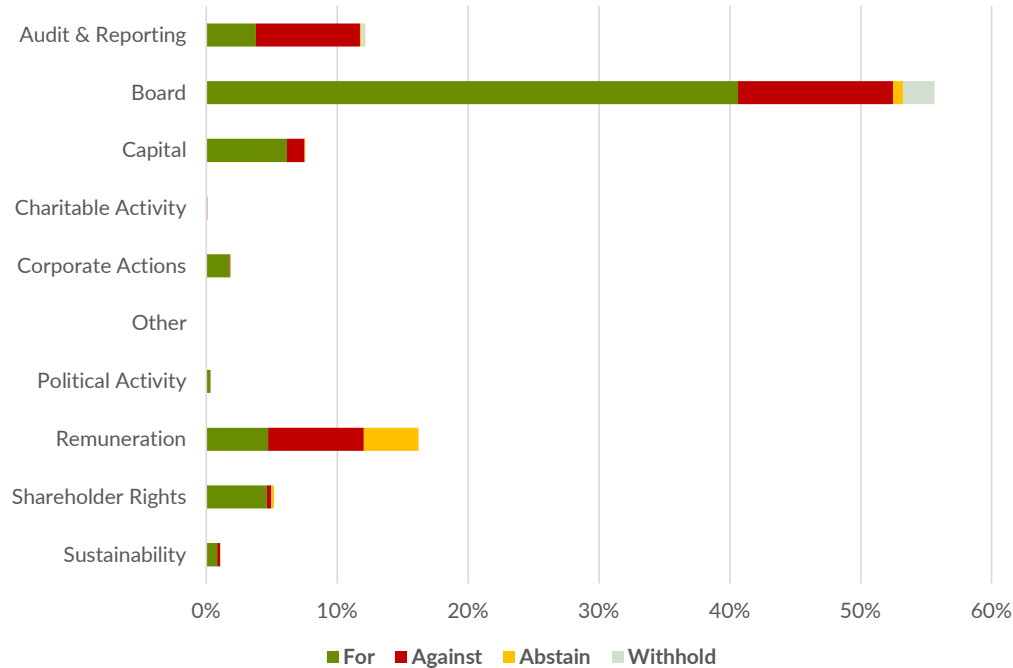
Vote Summary – 2023 Q2



Region	Event Type								Total
	AGM	Class	Court	EGM	GM	OGM	SGM	SSM	
Africa	9	0	0	0	1	0	0	0	10
Asia & Oceania : Developed	254	20	0	16	0	0	2	0	292
Asia & Oceania : Emerging	97	0	1	9	0	15	2	0	124
Europe : Developed	277	0	0	16	0	0	0	0	293
Europe : Emerging	13	0	0	2	0	0	0	0	15
Japan	273	0	0	0	0	0	0	0	273
North America	863	0	0	4	0	0	9	0	876
South & Central America	45	0	0	26	0	1	0	0	72
UK & Ireland	72	0	1	1	2	0	0	0	76
Total	1,903	20	2	74	3	16	13	0	2,031

Vote Summary by Resolution Category

Vote Summary – 2023 Q2



Resolution Category	Votes				
	For	Against	Abstain	Withheld	Total
Audit & Reporting	1,022	2,139	32	85	3,278
Board	10,952	3,187	203	656	14,998
Capital	1,663	359	12	0	2,034
Charitable Activity	9	1	0	0	10
Corporate Actions	482	14	1	0	497
Other	5	3	1	0	9
Political Activity	76	8	0	0	84
Remuneration	1,272	1,973	1,127	2	4,374
Shareholder Rights	1,248	90	53	0	1,391
Sustainability	222	59	3	0	284
Total	16,951	7,833	1,432	743	26,959

- During the second quarter of 2023, we voted on 2,031 events and 26,959 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	2	1	0	0	3
Board	98	9	0	6	113
Capital	6	5	0	0	11
Charitable Activity	0	1	0	0	1
Corporate Actions	0	3	0	0	3
Other	3	0	1	0	4
Political Activity	42	6	0	0	48
Remuneration	62	0	0	0	62
Shareholder Rights	115	10	0	0	125
Sustainability	203	50	3	0	256
Total	531	85	4	6	626

- During the second quarter of 2023, we voted on 626 shareholder-proposed resolutions.

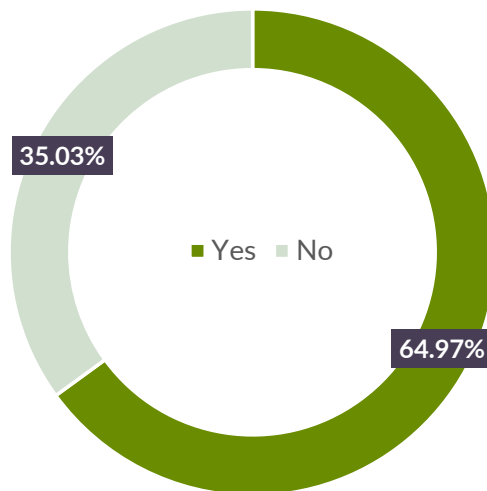
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Management Recommendation Followed



Votes in line with Management Recommendation	17,515
Votes NOT in line with Management Recommendation	9,444

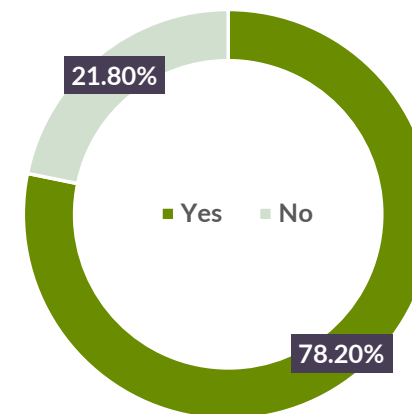
Summary Votes by Proposer



- 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

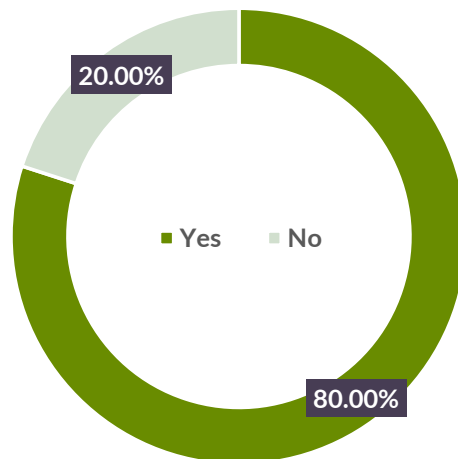


- As part of the Data collection and Research process, Minerva identifies those companies that have referenced the SDGs in their disclosures. In the second quarter of 2023, 78.20% of the companies that held events that we voted on have a material reference to the SDGs.



- 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 80.00% of the Companies we voted on between 1 Apr 2023 and 30 Jun 2023 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
CME Group Inc	Investment Banking & Brokerage Services	United States of America	04 May 2023	1d - To re-elect as a director, Charles Carey	Management
				9 - To approve an advisory vote on the remuneration of the Company's named executive officers	Management

The principal activity of CME Group Inc is to operate a derivatives marketplace and provide clearing and settlement services for exchange-traded contracts and over-the-counter derivatives transactions.

At CME Group's 2023 AGM, the advisory vote on the approval of executive compensation was defeated, with 67.92% of the shareholder ballot withholding support. CME's remuneration report was also voted down by shareholders at the 2022 AGM. The consecutive defeats highlight shareholders have ongoing concerns with remuneration governance at the company.

The key shareholder concern at the 2022 AGM related to a one-time \$5.0m special bonus paid to CEO Terrence Duffy. The award was discretionary in nature without specific pre-established performance goals or retention conditions and a lack of clawback provisions.

We voted against the remuneration report this year as we had concerns with the remuneration committee's response to shareholder concerns and with the structure of executive remuneration. In particular, we had concerns with the remuneration committee's decision to grant Mr. Duffy a salary increase of 33%, from \$1.5m to \$2.0m, as part of a revised employment agreement.

Additionally, we had concerns with the performance conditions applicable to incentive awards as environmental, social and governance (ESG) issues were not incorporated into incentive pay arrangements and share awards could partially vest for below median TSR performance. Finally, we considered the severance provisions to be too generous as we consider cash payments on termination should be limited to one year's fixed pay.

At the AGM, we also voted against the re-election of remuneration committee chair Charles Carey due to concerns regarding his independence. We believe that where a non-executive director has been a director of a company for an extended period of time, his or her independence may have become compromised. Mr. Carey has served on the CME board for more than fifteen years and we had concerns with his tenure and role as chair of the remuneration committee, which we believe should be held by a demonstrably independent director. The resolution to re-elect Mr. Carey received 45.50% shareholder dissent – a significant against vote for a director election. In addition to independence concerns, shareholders held Mr. Carey accountable as chair of the remuneration committee for ongoing concerns regarding remuneration governance at CME.

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	Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
DOLLAR GENERAL	Dollar General Corp	Retailers	United States of America	31 May 2023	7 - To request the Board to prepare a report to shareholders on worker safety and well-being	Shareholders

Dollar General Corp operates discount retail stores and provides various merchandise product.

At Dollar General Corp's 2023 AGM shareholders put forward a resolution asking that the Board of Directors commission an independent third-party audit on the impact of the company's policies and practices on the safety and well-being of workers.

The proponents recommend that the audit include:

- An evaluation of management and business practices that contribute to an unsafe or violent environment, including staffing capacity.
- Meaningful consultation with workers and customers to inform appropriate solutions.
- Recommendations for actions and regular reporting with progress on identified actions.

Dollar General is included in the Occupational Safety and Health Administration

(OSHA) "Severe Violator Enforcement Program" (SVEP), as a result of the numbers of repeat safety and health violations found in its facilities across the United States. Additionally, the company is subject to OSHA Enforcement Actions and Fines of more than \$16m issued since 2017 after nearly 200 inspections nationwide.

Workplace safety and well-being risk management is important as failures could result in issues regarding retention & recruitment of a skilled workforce, operational concerns, erosion of company reputation and fines and litigation.

We voted in favour of the shareholder proposal as we considered that the requested workplace safety audit could help Dollar General to identify potential operational risks and solutions. The proposal received a majority vote in favour and was approved by shareholders.

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Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
McDonald's Corp	Travel & Leisure	United States of America	25 May 2023	9 – To request the Board to prepare a report to shareholders on lobbying	Shareholders
				11 - To request that the Board reports to shareholders on Poultry Welfare Disclosure	Shareholders

McDonald's Corp's principal activities are operating restaurants and running franchises.

At McDonald's 2023 AGM, a shareholder proposed resolution on the company's lobbying activities narrowly failed to pass, receiving 49.75% votes in favour. Whilst the votes cast in favour exceeded the votes cast against the resolution, McDonald's counts abstentions as votes against meaning the resolution was not approved. The US Council of Institutional Investors state that abstentions should be counted only for purposes of quorum. Given the close vote result, shareholders will want the board to take into consideration shareholder views in lobbying reporting.

The proposal asked for an annual report disclosing:

- McDonald's policy and procedures governing direct and indirect lobbying and grassroots lobbying communications.
- Payments made by the company used for direct or indirect lobbying or for grassroots lobbying communications, in each case reporting the amount of the payment and the recipient.

- A description of management's decision-making process and the board's oversight for making such payments described above.

We believe companies should be transparency on political activity and that boards should establish a policy on political engagement, covering lobbying and donations to political causes or candidates to the extent permitted by law, and ensure that the benefits and risks of the approach taken are understood, monitored, transparent and regularly reviewed. Boards should also address instances where there are inconsistencies between a company's publicly stated policy positions and potentially conflicting views of trade associations of which the company may be a member.

At the AGM, a shareholder proposal asking for enhanced reporting on McDonald's "15 key welfare indicators" used for the company's animal welfare programme also received high shareholder support of 38.09%. We voted in favour on the proposal as we considered that improved communication and greater specificity in reporting around the KWIs would benefit shareholders and enhance shareholder understanding of the company's progress in meeting its animal welfare commitments.

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 or call + 44 (0)1376 503500

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