



Blue Sky Group

2022 Q1 - Quarterly Proxy Voting Report

22 April 2022

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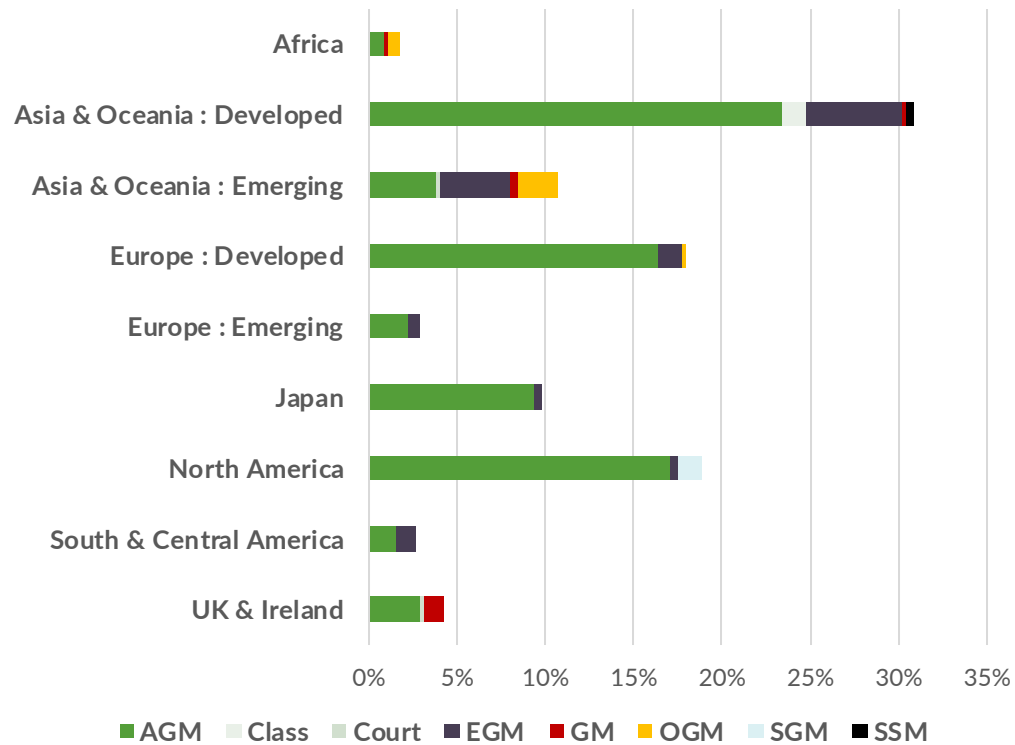
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- Blue Sky Group has developed and implemented policies and procedures to ensure that its fiduciary obligation to vote proxies in the best interest of its clients is fulfilled.
- We actively exercise our rights as an owner of shares to promote responsible and sustainable practices in investee companies.
- We report on our Proxy Voting activities on a quarterly basis in keeping our commitments to our clients 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

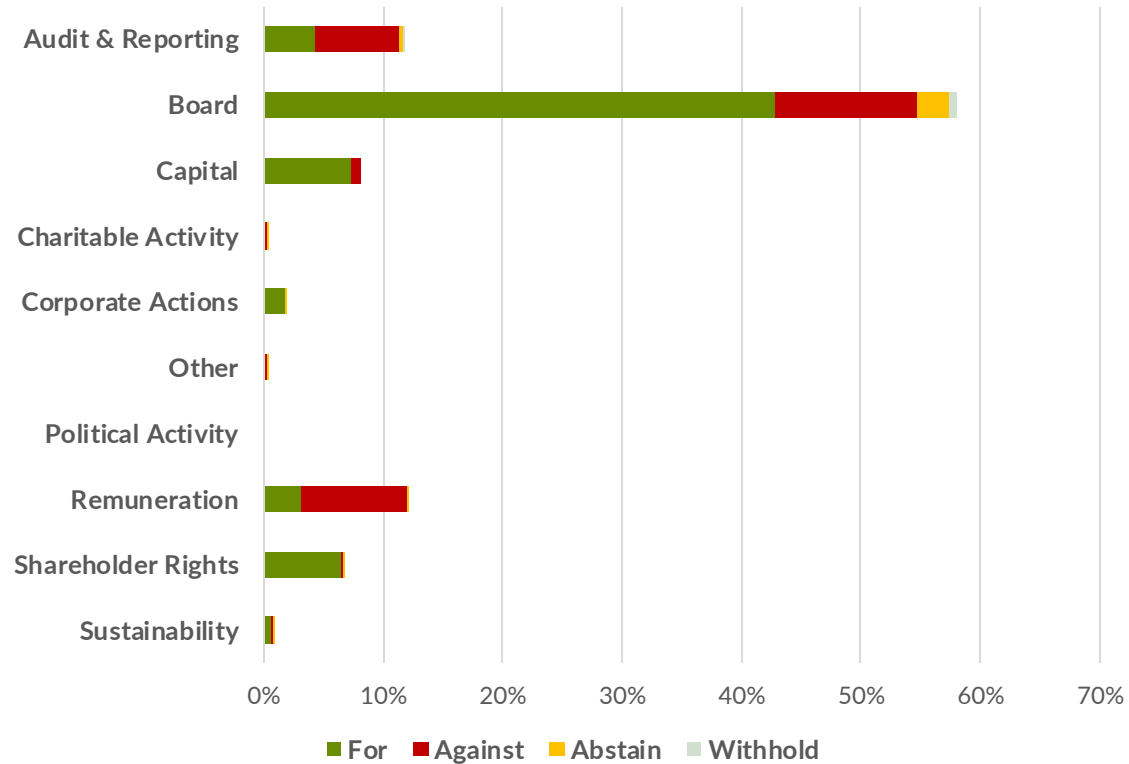
Vote Summary - 2022 Q1



Region	Event Type								Total
	AGM	Class	Court	EGM	GM	OGM	SGM	SSM	
Africa	4	0	0	0	1	3	0	0	8
Asia & Oceania : Developed	103	6	0	24	1	0	0	2	136
Asia & Oceania : Emerging	17	0	1	17	2	10	0	0	47
Europe : Developed	72	0	0	6	0	1	0	0	79
Europe : Emerging	10	0	0	3	0	0	0	0	13
Japan	41	0	0	2	0	0	0	0	43
North America	75	0	0	2	0	0	6	0	83
South & Central America	7	0	0	5	0	0	0	0	12
UK & Ireland	13	0	1		5	0	0	0	19
Total	342	6	2	59	9	14	6	2	440

Vote Summary by Resolution Category

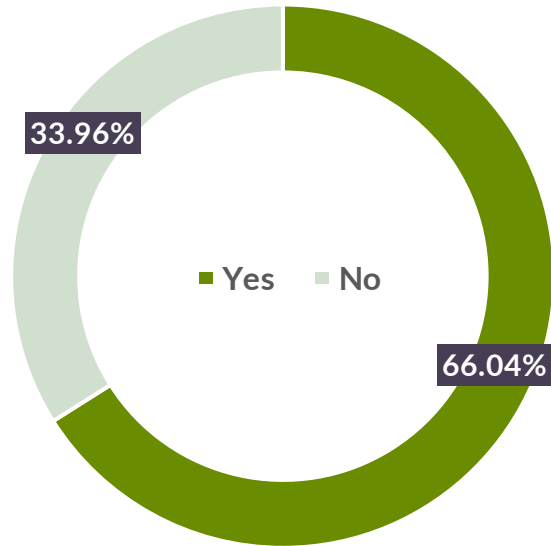
Vote Summary – 2022 Q1



Resolution Category	Votes				Total
	For	Against	Abstain	Withheld	
Audit & Reporting	237	391	19	3	650
Board	2,358	657	154	31	3,200
Capital	401	46	0	0	447
Charitable Activity	9	2	1	0	12
Corporate Actions	94	1	3	0	98
Other	5	9	2	0	16
Political Activity	9	0	0	0	9
Remuneration	173	492	7	0	672
Shareholder Rights	357	11	3	0	371
Sustainability	34	9	1	0	44
Total	3,677	1,618	190	34	5,519

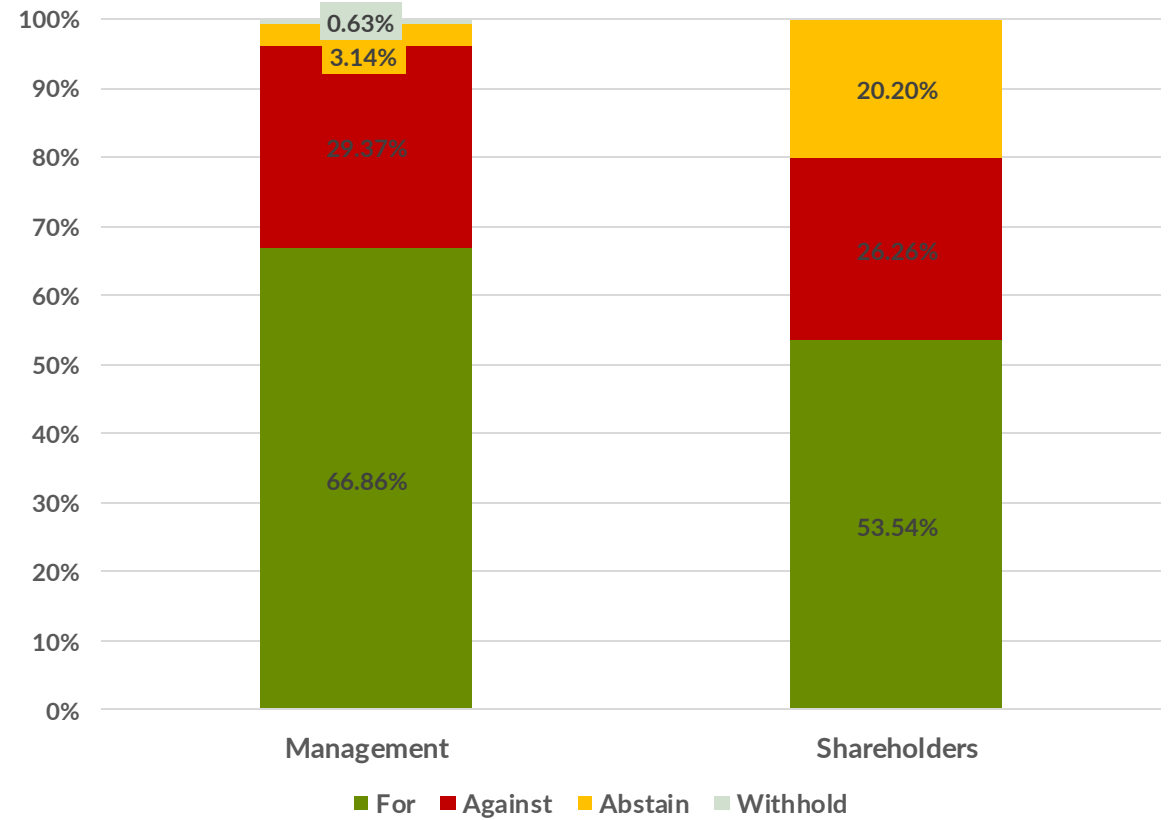
- During the first quarter of 2022, we voted on 440 events and 5,519 resolutions.

Management Recommendation Followed



Votes in line with Management Recommendation	3,645
Votes NOT in line with Management Recommendation	1,874

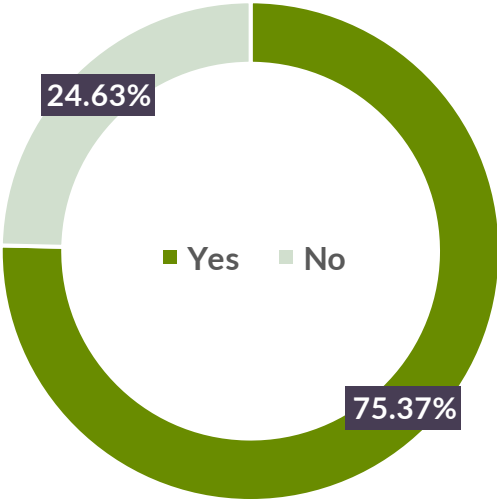
Summary Votes by Proposer



- 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.

 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	SDG 7 - Affordable and Clean Energy
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	SDG 8 - Decent Work and Economic Growth
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	SDG 9 - Industry, Innovation and Infrastructure
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	SDG 12 - Responsible Consumption and Production
 <p>13 CLIMATE ACTION</p>	SDG 13 - Climate Action

SDGs Referenced

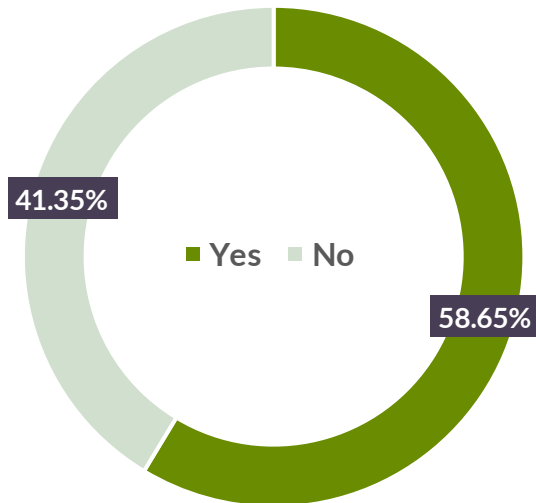


▪ As part of the Data collection and Research process, Minerva identifies those companies that have referenced the SDGs in their disclosures. In the first quarter of 2022, 75.37% of the companies that held events that we voted on have a material reference to the SDGs.



- 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 58.65% of the Companies we voted on between 1 Jan 2022 and 31 Mar 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
Costco Wholesale Corp	Retailers	United States of America	20 Jan 2022	5 - To request that the Board adopt short, medium, and long-term science-based greenhouse gas emissions reduction targets	Shareholders

Costco Wholesale Corporation is an American multinational corporation which operates a chain of membership-only big-box retail stores.

At Costco’s AGM, shareholders voted on a shareholder proposed resolution requesting Costco to adopt short, medium, and long-term science-based greenhouse gas emissions reduction targets, inclusive of emissions from its full value chain, in order to achieve net-zero emissions by 2050 or sooner and to effectuate appropriate emissions reductions prior to 2030.

Costco’s Board recommended shareholders to vote against the resolution and stated it planned on disclosing new Scope 1 and 2 goals in December 2022. A few days before the AGM, Costco published an update to its climate action plan with new reduction targets for its operational and purchased energy emissions (or Scope 1 and 2 emissions) – almost a year earlier than its original December schedule.

Despite this development, the shareholder proposal was successful with around 66% of the shareholder ballot voting in favour of the resolution.

Notably, the proposal asked for Costco to adopt targets to reduce Scope 3 emissions, or value chain emissions, as well as Scope 1 and 2. Scope 3 emissions represent around 95% of Costco’s total emissions.

Scope 1 emissions are direct greenhouse gas emissions that occur from sources that are controlled or owned by an organisation (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Scope 2 emissions are indirect greenhouse gas emissions associated with the purchase of electricity, steam, heat, or cooling. Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain.

We voted in favour of the shareholder resolution as we are supportive of the adoption and development of science-based emission reduction targets that are aligned with the goals of the Paris Agreement.

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Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
D R Horton Inc	Consumer Discretionary	United States of America	26 Jan 2022	2 - To approve an advisory vote on the remuneration of the Company's named executive officers	Management

The principal activity of the D R Horton Ic is housing construction.

At D R Horton’s AGM, the advisory vote on the approval of executive compensation was defeated, with 72.62% of the shareholder ballot withholding support.

We had concerns with the structure of variable compensation at the Company and the alignment of pay with performance and therefore voted against the resolution.

D R Horton operates a performance bonus based on the Company’s pre-tax income earned during the year. Under the bonus plan, executives are entitled to an award equivalent to a set percentage of reported pre-tax income for the year, between 0.40-0.60%, delivered in a mix of cash and shares.

During the year, Executive Chairman Donald R. Horton was granted an award worth \$32,138,153 under the plan, and CEO David V. Auld received an award worth \$21,425,435. Using a share of pre-tax income to set variable pay opportunity rather than an individual award limit set in reference to salary can potentially result in excessive executive pay. Accordingly, we had concerns with the structure and range

of performance criteria used to grant awards under the pre-tax income bonus plan.

Additionally, we also had concerns with the granting of long-term incentive awards which vest without reference to performance criteria and that performance shares could partially vest for below median TSR performance, which we did not consider sufficiently stretching.

In response to the vote, the Board of Directors stated it takes the outcome seriously and the Remuneration Committee will work to assess potential changes to its executive compensation programme to address shareholder concerns.

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Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
Agilent Technologies Inc	Healthcare	United States of America	16 Mar 2022	4 - To request the Board to take the steps necessary to amend the Bylaws so that shareholders may call a special shareholder meeting	Shareholders
Becton, Dickinson & Company	Healthcare	United States of America	25 Jan 2022	4 - 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

Agilent Technologies Inc is a measurement company providing bio-analytical and electronic measurement solutions to the communications, electronics, life sciences and chemical analysis industries.

Becton, Dickinson & Company (BD) is engaged in the manufacture and sale of medical devices, instrument systems, and reagents. BD also provides consulting and analytics services in certain geographies.

At Agilent Technologies’ AGM, shareholders put forward a resolution asking the Board to amend the bylaws in order to provide shareholders with an aggregate holding of 10% of the outstanding shares the right to call a special shareholder meeting.

Similarly at BD’s AGM, shareholders put forward a resolution asking the Board to lower the existing threshold required for the right for shareholders to call a special meeting from the 25% 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.

The Council of Institutional Investors Corporate Governance Principles states that shareholders should have the right to call special meetings.

We voted in favour of both resolutions as we felt the proposals would enhance shareholder rights and align with good governance practice. Both of the resolutions were successful with the Agilent Technologies proposal receiving 81.54% votes in favour and the BD proposal receiving 54.06% votes in favour.

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.

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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MINERVA
ANALYTICS

▪ Contact details

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