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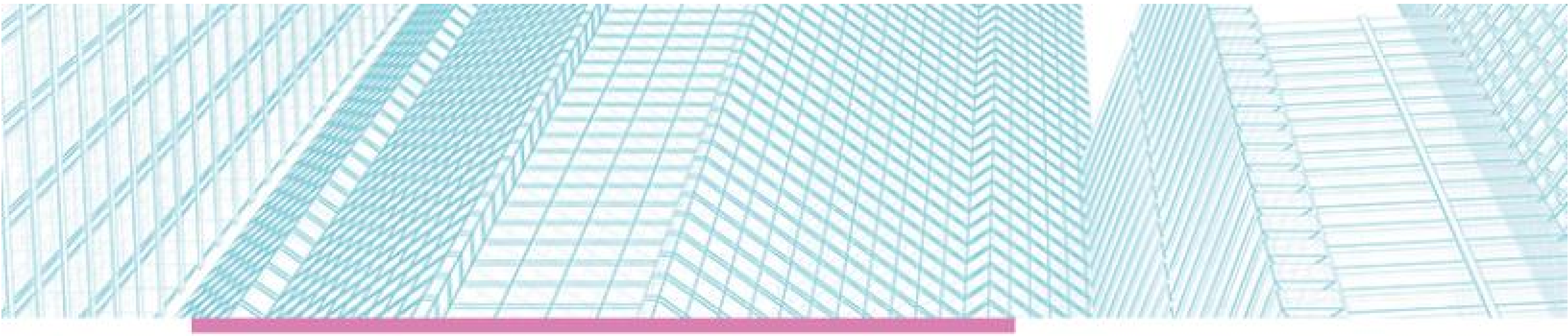

Proxy Voting Report

Period: April 01, 2019 - June 30, 2019

Votes Cast	**24141**	**Number of meetings**	**1983**
For	21741	With management	21545
Withhold	0	Against management	2596
Abstain	77		
Against	2283		
Other	40		
Total	**24141**	**Total**	**24141**

In 1166 (59%) out of 1983 meetings we have cast one or more votes against management recommendation.

General Highlights

The Rise of the Shareholder Proposal
A shareholder proposal (SHP) is one of the tools in an investors arsenal that can influence a company. To file such a proposal, a shareholder must meet specific market requirements which are usually a minimum amount and duration of share ownership. The aim of these proposals can vary greatly, ranging from director nominations to setting emission reduction targets. Nonetheless, every Annual General Meeting (AGM) season, there are several key issues that become the focus of most shareholder proposals.

In recent years, the number of climate change-related proposals filed at oil majors, banks, and retailers has risen. This is in part due to the urgency of climate-related risks, in addition to often lagging regulations that force shareholders to put more pressure on issuers. Typically, a climate change-related shareholder proposal will call for a company to issue a report detailing the extent of their Greenhouse Gas (GHG) emissions and mitigation efforts. Such proposals are also commonly filed throughout a company's peer group, as climate change mitigation is not an independent pursuit. Likewise, these proposals frequently refer to internationally recognized standards such as the Paris Agreement or the Sustainable Development Goals.

On average, US oil companies have been much less responsive to these proposals than their European counterparts. For instance, a proposal seeking to establish a special board committee solely dedicated to overseeing sustainability and climate change related endeavors, has been filed throughout the industry. While this committee has become common practice in Europe, a few US companies still fail to address climate change at the board level.

The issue of plastic waste has also increasingly become the focus of shareholder proposals. Just this quarter, two chemical giants received a proposal asking them to issue a report on the number of plastic contaminants they release into the environment. The companies would also have to detail the effectiveness of their actions to reduce plastic pollution. This proposal received a great deal of support and in one instance was even adopted by the company prior to the vote.

All SHPs share several characteristics by which they can be assessed and compared. For a SHP to either be adopted by a company or receive a majority of shareholder support, it should address a material issue while not being overly prescriptive. This implies that the proposal should be relevant and allow the company enough space for implementing the requested change. Ultimately, as the name suggests, a shareholder proposal should be geared towards generating value for both the company and its shareholders.

A Not-So-Clean Slate: The Quirks of International Director Election Methods
Most markets allow shareholders to elect their board representatives individually. Intuitively, this is a prudent approach – directors contribute to the board individually, bringing their expertise and varying opinions to board discussions. They should arguably also be held to account one-by-one. As shareholders voting at AGMs, we rarely take issue with the composition, oversight or performance of an entire board. Usually the responsibility for certain failures or poor practices can be drawn back to individuals, such as committee members or chairs. It then makes sense to oppose the election of only these directors, rather than voting against the entire board.

However, some regulatory environments call for a different approach. Markets like

Italy and Brazil allow companies or shareholders to propose an entire 'slate' of nominees at once. Shareholders can often only voice their opinion on the whole group by voting for or against the slate. This introduces various complexities into the voting decision-making process.

Especially Brazil is notorious for complicated director election procedures, with various election methods at play at a single AGM, depending on which method shareholders themselves choose to adopt. Brazilian companies with controlling shareholders can choose to nominate directors by slate, given that their voting power suffices to approve the election independently. However, minority shareholders are provided with a consolation prize. Investors can aggregate shares to reach a threshold of 5-10% of outstanding capital, depending on the company, in order to separately nominate a 'slate of one'. Shareholders can only vote on the management/controlling shareholder-proposed slate or the single minority shareholder-proposed nominee. Given that the minority nominee tends to exhibit a better profile in terms of independence and external expertise, we usually cast our vote in favor of the single candidate, abstaining from voting on the company's own slate. Even if the nominee does not attain the required majority, this vote serves as an important signal to the company that international investors greatly value the oversight of truly independent directors.

Italian public companies exclusively elect their directors by slate. However, slates are not proposed by companies' boards or management. Instead, the system relies on shareholders to put their nominees into the race in slate form. Italian slates are regulated to ensure at least some degree of diverse representation. Most company bylaws foresee that the slate with the highest percentage of votes in favor fills all available seats bar one (or until the slate runs out of candidates). The remaining seat(s) are filled from the list receiving the second-highest level of support. The slate proposed by minority shareholders usually contains nominees that bring much needed independence and expertise to the board. Therefore, we tend to support this slate, and do not vote on the major shareholders' list of nominees.

Italian slate nominations often also extend to the separate Board of Statutory Auditors. Once again, shareholders propose competing slates to fill the board with effective and alternate statutory auditors. Most of the auditors are elected from the winning slate. However, an interesting quirk seeks to ensure sufficient checks and balances – the chairman of the Statutory Auditors board is chosen from the second-placed list. As a result, investors might be inclined to support the major shareholders' slate in order to guarantee a chairman chosen by minority shareholders. However, we find this approach somewhat counterproductive, and would prefer to have a majority of candidates from the slate representing ourselves as minority shareholders.

Italy and Brazil are just two examples of markets where differing election methods and practices influence our voting approach. It is vital for shareholders voting by proxy to be informed about the benefits and pitfalls of various systems in the quest for better independent board representation.

Voting Highlights

Koninklijke Ahold Delhaize N.V. - 04/10/2019 - Netherlands
Proposal: Authority to Repurchase Cumulative Preference Shares, Cancellation of Shares

Koninklijke Ahold Delhaize N.V., through its subsidiaries, operates retail stores that offers food and non-food products in the United States and Europe. The Company manages supermarkets, convenience stores, compact hypers, pick-up points, and gasoline stations, as well as specialty stores which provides health and beauty care products, and wine and liquor.

Ahold had the ambition to simplify its capital structure and remove related cost inefficiencies by acquiring the outstanding cumulative preferred financing shares at this year's AGM and cancelling those shares. These shares account for approximately 6% of voting rights, have a fixed dividend payment and the total number of outstanding cumulative preferred financing shares is approximately 223 million shares. We welcome this initiative and voted in favor of these proposals, as we believe that complex capital structures are not in the best interest of minority shareholders.

The company has set guidelines regarding the share conversion to avoid diluting the common share class. Shares may be acquired from the holder of the issued cumulative preferred financing shares at a price for each share between 100% and 115% of the amount paid up (including share premium) on the relevant shares. Moreover, the company has the intention to cancel all cumulative preferred financing shares acquired under this authorization.

Preference shares can be used to facilitate shareholders to build up a control structure within the company. It must be noted that this has not been an issue within the company, as there isn't a party controlling the majority of voting rights. Another outstanding differentiating factor is the dividend regime applicable to preferential shares, guaranteeing a minimum dividend payment over time. Shareholders owning preferred shares are less exposed to volatility in the company's profit, despite retaining similar voting rights within the business.

All in all, we view positively the company's ambition to simplify its share structure by acquiring the outstanding cumulative preferred financing shares and cancelling these. The resolution was approved at the shareholder meeting and going forward we will monitor how the company executes this mandate.

Koninklijke KPN NV - 04/10/2019 - Netherlands
Topic: Virtual AGMs

Koninklijke KPN N.V. is a telecommunications and IT provider in the Netherlands, serving both consumer and business customers with its fixed and mobile networks for telephony, broadband and television. The Company offers customers telephone and internet services and solutions in IT services such as cloud, security and workspace. KPN offers third party telecom providers access to its phone networks.

For many years holding a physical AGM was the only option. In the current age of digital transformation, technology can be used to further enhance shareholders communications by facilitating their virtual participation at annual shareholder meetings. Although several U.S-based companies organized virtual shareholder meetings in the last years, this trend has not yet emerged in other markets. One of the first hybrid shareholder meetings in Europe, and certainly the first in the Netherlands, has been organized this year by the telecom company KPN.

Shareholders were able to attend the AGM either physically or virtually, the latter following the session via a livestream platform whilst voting electronically their shares in real time. During the hybrid AGM we had access to a user-friendly software to cast the votes, in which you can select the specific instruction for each agenda item. The attendees physically present at the AGM had a tablet with the exact same screen available. Besides the presentation from the management team, during the session shareholders raised questions related to the company's executive compensation practices, its ambition to sell part of assets and overall growth strategy.

While virtual AGMs might facilitate shareholder participation while reducing costs, they might also pose some constraints in terms of fulfillment of shareholders' rights during the session. Since shareholder meetings are one of the few events in which stockowners can speak directly to management and the board, we deem crucial to facilitate an open communication between all stakeholders attending the meeting to promote shareholders' rights. One of the main drawbacks of the session is that virtual attendees did not have speaking rights and therefore could not pose questions to the board. After providing feedback regarding our experience in the virtual shareholder meeting directly to the company, we learnt that KPN is considering incorporating this functionality in the next hybrid shareholder meeting.

All in all, we applaud KPN's innovative approach aiming to use technology to further engage with shareholders. The company has been transparent about the procedures in place and the functionalities available during the virtual meeting, while providing the option to shareholders to still attend the meeting in person should they wish to. We will monitor whether this trend consolidates in Europe, while thoroughly reviewing that shareholders' rights are fully preserved.

Barclays plc - 05/02/2019 - United Kingdom
Proposal: Shareholder Proposal Regarding the Election of a Director

Barclays PLC is a global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management, and investment management services.

When businesses underperform, each shareholder will hold some conviction around the best strategic direction to attain improvement. The end goal tends to be the same – better shareholder returns – but the path there can vary greatly. Barclays plc saw Sherborne Investors take on the role of dissident shareholder at its 2019 AGM, seeking the election of its partner, Edward Bramson, to the board of directors. According to the dissident, Mr. Bramson's presence on the board would help drive urgent reductions in the scale of Barclay's Corporate and Investment Banking operation, shoring up the group's balance sheet and raising its share price. Mr. Bramson's candidacy is inextricably linked to Barclays' subpar performance, a trend which has not been reversed by significant restructuring since 2016.

Seeking the nomination of a dissident director to the board is a drastic measure that highlights severe concerns with the board's current oversight of management. A proxy fight where the dissident's name appears on the ballot is usually the last resort, after engagement and negotiations prove unfruitful. Analysis from Sullivan & Cromwell on the last three US proxy seasons shows that only around 20% of shareholder activist campaigns culminated in a full proxy contest where company and shareholder face off on a key vote, of which two-thirds are settled before going to a shareholder vote.

Nonetheless, 2018 saw a drastic increase in US activists' success rates in gaining board seats. In 59% of contests that went to a final shareholder vote, the activist won outright or at least gained some of the desired board representation. Perhaps spurred on by recent activist success stories, Mr. Bramson fought for his seat on Barclays' board.

Our analysis of Sherborne's proposal focuses on whether it offers a clear path to improvement, and how the nominee's election would practically influence the board's decision making. We seek definitive disclosure outlining the proponents' rationale and plans. In this case, we found Sherborne's commentary insufficiently outlined the desired consequences of Mr. Bramson's election. Besides highlighting the company's shortcomings, the dissident failed to provide persuasive arguments suggesting that its nominee had a transparent agenda for improvement. Therefore, we voted against the shareholder proposal seeking Mr. Bramson's addition to the board.

The lack of a compelling theory of change behind Mr. Bramson's proposed election also failed to convince other shareholders. When disregarding Sherborne's own stake, the proposal only received the support of 7% of voted shares.

Verizon Communications Inc - 05/02/2019 - United States
Proposal: Advisory Vote on Executive Compensation

Verizon Communications Inc. is an integrated telecommunications company that provides wire line voice and data services, wireless services, Internet services, and published directory information.

Even though aggregate executive compensation figures in the US are often at significantly inflated levels compared to other markets, a detailed analysis is still required to decide on the (de-)merits of compensation plans. We consider four overarching principles: sound structure, reasonable height, accountability and transparency, and the judicious use of non-financial metrics and targets. Underlying these elements is the fundamental expectation that executive compensation provides the right incentives for long-term value creation.

At Verizon's 2019 AGM, we opposed the advisory vote on executive compensation for the second year running. Whilst total remuneration was fairly aligned with peers in 2018, we found some considerable deficiencies in the structure and transparency of executive compensation.

It is vital that shareholders understand how the final payouts to executives are determined under the individual elements of the regular compensation plan. In Verizon's case, there is fair disclosure explaining why certain metrics are included in the short-term (STIP) and long-term (LTIP) variable portion of pay. However, investors are unable to fully appreciate the scales against which performance is measured. For the STIP, the company did not disclose the threshold performance level for bonuses or the maximum performance target. This means that shareholders are unaware of how the Compensation Committee members determine payout levels, should performance be outside the target range.

The company made several awards to executives that are not strictly related to standard plan-based grants. With an executive transition having been completed, several significant severance payments and promotion grants were awarded. We are most troubled by the sizeable equity grants to the new CEO and an EVP. With already high target payouts, these extraordinary grants allowed for excessive outcomes should performance exceed expectations. Further, these awards are based solely on a single performance measure. This fails to replicate a well-designed incentive program that rewards balanced performance. Should the existing plan-based mechanisms insufficiently incentivize executives towards key strategic goals, Compensation Committees are better advised to redesign their LTIP structures, rather than granting one-off awards.

In combination with several other shortcomings, the above precluded a positive vote on Verizon's executive compensation proposal. Nonetheless, the resolution passed with 9.6% of votes against.

Intel Corp. - 05/16/2019 - United States
Proposal: Advisory Vote on Executive Compensation

Intel Corporation designs, manufactures, and sells computer components and related products. The Company major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory, graphic, network and communication, systems management software, conferencing, and digital imaging products.

Executive compensation in the US has been known to be excessive but in 2018, CEO pay decreased by an average of 7% for companies with revenues over $25 billion. Nonetheless, other aspects of compensation such as the ratio between CEO-pay and median employee-pay remain a concern. In the case of Intel, where this ratio amounts to 156:1, these concerns are warranted.

In June 2018, Brian Krzanich stepped down from his role as CEO of Intel due to an ongoing investigation. Thereafter, Robert Swan left his position as CFO to be appointed interim CEO and eventually took the position permanently in January 2019. Following Mr. Swan's promotion, he was granted several one-off awards outside of the usual compensation policy. In addition to the increase in his fixed salary, the target value of Mr. Swan's remuneration for 2019 equals approximately $53 million USD. In light of this excessive remuneration, we voted against Intel's proposal on executive pay during the Company's recent AGM.

The largest component of Mr. Swan's compensation is the 450,000 performance-based stock units (PSUs) he received. For this award to fully materialize, Intel's stock will have to trade at least 50% higher than its closing price on February 1, 2019 for a period of 30 days. Mr. Swan must achieve this trading target within 5 years, or he will not receive the entirety of this award. While this one-off award is linked to performance criteria, it seems somewhat redundant given that similar PSUs are already awarded under the long-term incentive plan of the existing pay package.

In the end, we were not alone in our disapproval of Intel's executive pay since nearly 40% of all votes cast were against the say on pay proposal.

BP plc - 05/21/2019 - United Kingdom
Proposal: Shareholder Proposal Regarding Climate Change Reporting

BP plc is an oil and petrochemicals company. The Company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy, and manufactures and markets chemicals. BP's chemicals include terephthalic acid, acetic acid, acrylonitrile, ethylene, and polyethylene.

The investor-led initiative, Climate Action 100+ (CA100+), has put another achievement behind its name with the passing of a shareholder resolution at BP's recent annual shareholder meeting. Since it was launched in 2017, the members of this initiative have grown to more than 320 investors representing over USD $33 trillion in assets under management. The group aims to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change by both minimizing risk and maximizing opportunities presented by climate change.

The resolution filed at BP requested that the company report on the alignment between its strategy and the goals set out by the Paris Agreement. Included in this report is an evaluation of how BP's capex investments, energy products, and other operations contribute to total greenhouse gas emissions. Furthermore, the resolution asked the company to report on its progress towards reaching emission reduction targets in addition to any links between these targets and executive remuneration.

At BP's annual meeting, the resolution received overwhelming shareholder support with 99.14% of votes in favor. Prior to the vote, an extensive dialogue was carried out between the company and various engagers. Throughout this dialogue, co-filers such as ourselves also provided input, allowing the company to engage with a larger audience of investors. Other factors such as UK regulation and public scrutiny also played a role in passing the resolution, but perhaps greatest contributor was that management themselves recommended to vote in favor. BP's support for this proposal is likely due to the collaborative dialogue between the company and the CA100+ group, which demonstrates the value of engagement and voting.

The adoption of such a comprehensive climate change resolution by one of the world's largest oil and gas companies marks a positive change in industry. While many industry players could still improve their climate strategy and disclosure, this successful resolution at BP should encourage them to follow suit.

Amazon.com Inc. - 05/22/2019 - United States
Proposal: Several Shareholder Proposals

Amazon.com, Inc. is an online retailer that offers a wide range of products. The Company products include books, music, videotapes, computers, electronics, home and garden, and numerous other products. Amazon offers personalized shopping services, Web-based credit card payment, and direct shipping to customers.

Twelve shareholder resolutions were filed this year at Amazon's general meeting. The volume of proposals illustrates how the company's unprecedented growth and global influence over multiple sectors and supply chains makes it vulnerable to reputational, competitive, financial, and regulatory risks. Although none of these resolutions were adopted as they did not receive a majority of votes in favor, several received support from more than one quarter of Amazon's shareholder base. This number increases even further when excluding the 16% of voting rights held by Amazon's founder and CEO, Jeff Bezos.

The impact of artificial intelligence technology on human rights was high on the agenda at this year's AGMs. We supported a proposal to commission an independent study of Amazon's facial recognition technology to assess potential threats to civil liberties, which received the support of 28% of shareholders. Investors would benefit from more information to be assured that the company's policies and practices are sufficient to protect shareholders and the public from the diverse risks of this technology. A separate resolution requesting to ban the sale of facial recognition technology to governments received about 2.5% of votes in favor. Even though additional disclosure is needed concerning how Amazon is mitigating the risks of violations of human and civil rights, we are not convinced that a prohibition on the sale of its product is sensible at this stage.

Amazon employees performed an unprecedented move in shareholder activism by using their company-issued stock to pressure the board and top executives into reducing the company's contribution to climate change. Despite numerous climate events affecting the company's operations, clear risks to its reputation and systemic climate risks that Amazon's business is exposed to, the company has still not disclosed its exposure nor risk mitigation plan. This shortcoming exposes investors to uncertain financial and regulatory risks, on top of negatively contributing to climate change. The resolution received support from 31% of shareholders.

Other topics put forward for vote by shareholders at the AGM, which we also supported, made reference to food waste (26% support), revision of sexual harassment policies (33% support) and separation of CEO and board chair roles (24% support).The large number of resolutions at Amazon's meeting comes at a time when companies are being heavily scrutinized on their impact on the society and environment, whilst shareholders demand more accountability and disclosures on how these risks are being mitigated. Despite the unfavorable voting results of these shareholder proposals, the board and executive team received a clear request from shareholders to stop dragging its feet when it comes to improving Amazon’s sustainability performance.

Exxon Mobil Corp. - 05/29/2019 - United States
Proposal: Shareholder Proposal Regarding Formation of Climate Change Committee

Exxon Mobil Corporation operates petroleum and petrochemicals businesses on a worldwide basis. The Company operations include exploration and production of oil and gas, electric power generation, and coal and minerals operations. Exxon Mobil also manufactures and markets fuels, lubricants, and chemicals.

Whereas some oil majors are confronting shareholder pressure on climate-related topics head-on, other companies appear to be turning a blind eye. ExxonMobil falls into the latter category as the Company failed to address the climate-related concerns raised in the ramp-up towards its recent AGM.

The investor group Climate Action 100+ filed a shareholder proposal calling on Exxon to issue a report on the alignment between its strategy and the Paris Agreement. The company alleged that the resolution was micromanaging the decision-making process within the executive team and sought non-action relief from the US Securities and Exchange Commission (SEC). Considering this development, the investor group sent a letter to the SEC highlighting the relevance of the topic for the business and the society, requesting the organization to reconsider endorsing the company’s claims. In the end the proposal was not put up for vote because the SEC ruled in favor of the company and allowed it to remove the resolution from the meeting agenda. Many investors who supported the removed proposal ended up voting against the election of board members. We took the decision to vote against the Chairman and Lead Director due to the revoked resolution. The underlying rationale for such a vote was that the board did not execute its responsibility to hold management accountable to shareholders.

We voted in favor of another shareholder proposal filed at ExxonMobil that sought to establish a specialized board committee to oversee the Company’s climate change strategy. In lieu of the removed shareholder proposal, such a committee would help to ensure that a material issue like climate change is properly addressed at the board level. Currently, environmental issues are only discussed via Exxon’s Public Issues and Contributions Committee, which is also tasked with reviewing all significant public issues. While climate change is certainly a public issue, it is of particular material relevance to the Company’s future in the energy sector. In the end, the proposal to form this committee only received support from 7.4% of all votes.

Compared to its peers, ExxonMobil is a perpetual laggard in its climate approach. Several the Company’s competitors have already established climate change committees and acknowledged them as necessary for navigating the energy transition. Additionally, a similar proposal filed by the Climate Action 100+ that ExxonMobil removed was also filed at BP, where it received overwhelming support from both management and shareholders. Overall, oil and gas companies seem to be slowly acclimating to a changing industry, but the pressure they face from shareholders is likely to increase.

NetFlix Inc - 06/06/2019 - United States
Proposal: Election of Directors

Netflix Inc. is an Internet subscription service for watching television shows and movies. Subscribers can instantly watch unlimited television shows and movies streamed over the Internet to their televisions, computers, and mobile devices.

Despite the rights bestowed upon shareholders, regulation still affords public companies significant leeway in implementing corporate governance structures and procedures. Recently listed companies, for instance, often seek to formulate bylaws that allow influential executives and board members to retain control over decision making after going public. Within reason, such measures can help visionary founders execute strategies that have proven successful. The most obvious protection of founder control are multiple share classes with different voting rights. Whilst Netflix has refrained from instituting such a barrier to shareholder democracy, other elements of its corporate governance continue to draw scrutiny and disapproval from investors seeking to exercise their rights at AGMs.

Shareholder proposals aiming to install shareholder safeguards have been a recurring feature of Netflix AGMs for nearly a decade. Incessantly, these proposals sought declassification of the board, implementation of a majority voting standard for director elections, and removal of supermajority requirements for votes on certain matters. We have consistently voted in favor of these improvements in corporate governance. Strikingly, nearly all these proposals received a majority of votes in favor, when excluding abstentions and broker non-votes. In some cases, support levels topped 85%. Nonetheless, Netflix's board of directors has failed to implement the requests approved by an overwhelming majority of shareholders.

Whilst this does not violate any regulations, as most shareholder proposals operate on a precatory basis and are not binding, it exposes a gulf between governance standards at Netflix and best practice. Shareholders are left with no alternative but to hold directors accountable by opposing their election. We withheld our votes from all four directors up for vote in 2019. They either served on the Nominating and Governance Committee or have been directors for several years and have not represented shareholders' interests, due to their failure to implement the mandate given the majority of shareholders. At the AGM, the majority of shareholders casting their votes withheld support for all nominees. However, due to the plurality standard, the directors with the most number of votes fill the available board seats. With the number of candidates matching the number of open seats, even a single vote in favor would suffice in securing another term.

Another area where the company has not responded to investor disapproval is its poor executive compensation structure. This was reflected in Netflix's failed 2019 advisory vote on executive compensation, which we also voted against. Going forward, we will also continue to oppose the re-election of Compensation Committee members, should they fail to substantially restructure the remuneration policy.

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