



Blue Sky Group

2021 Q2 - Quarterly Proxy Voting Report

20 July 2021

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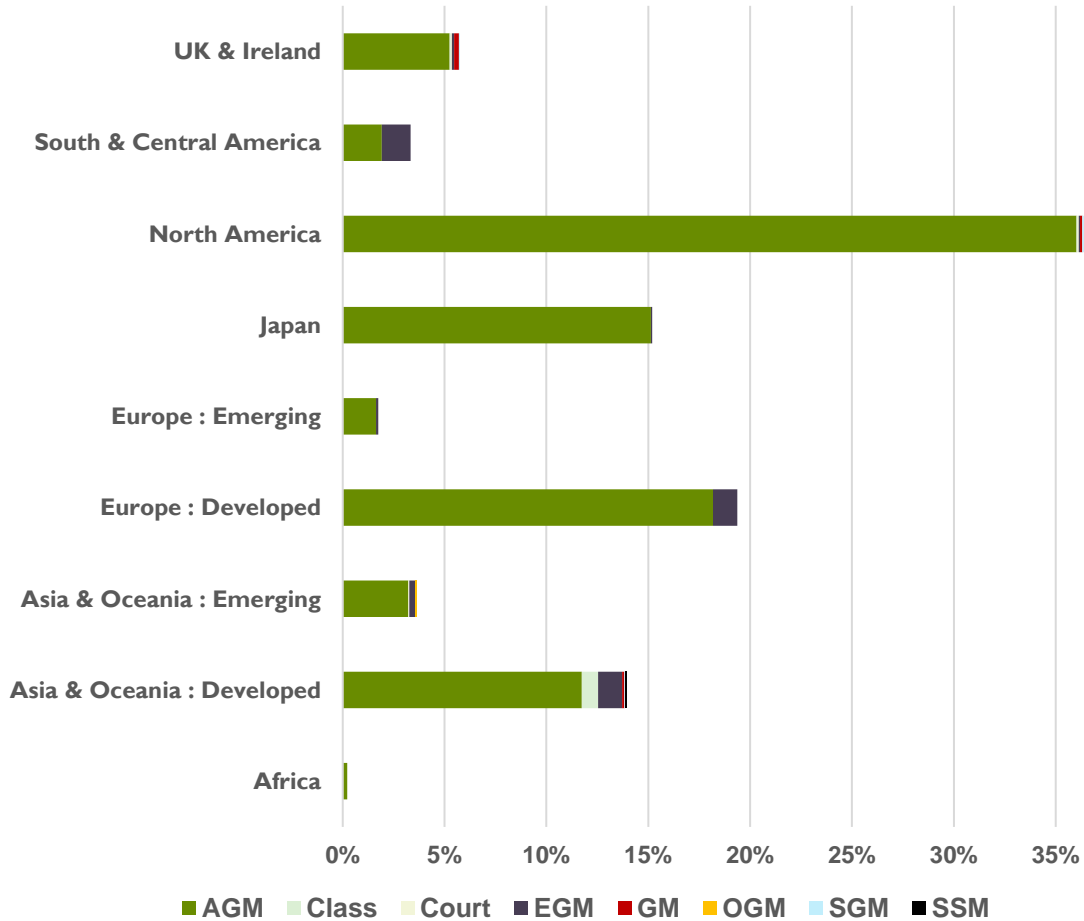
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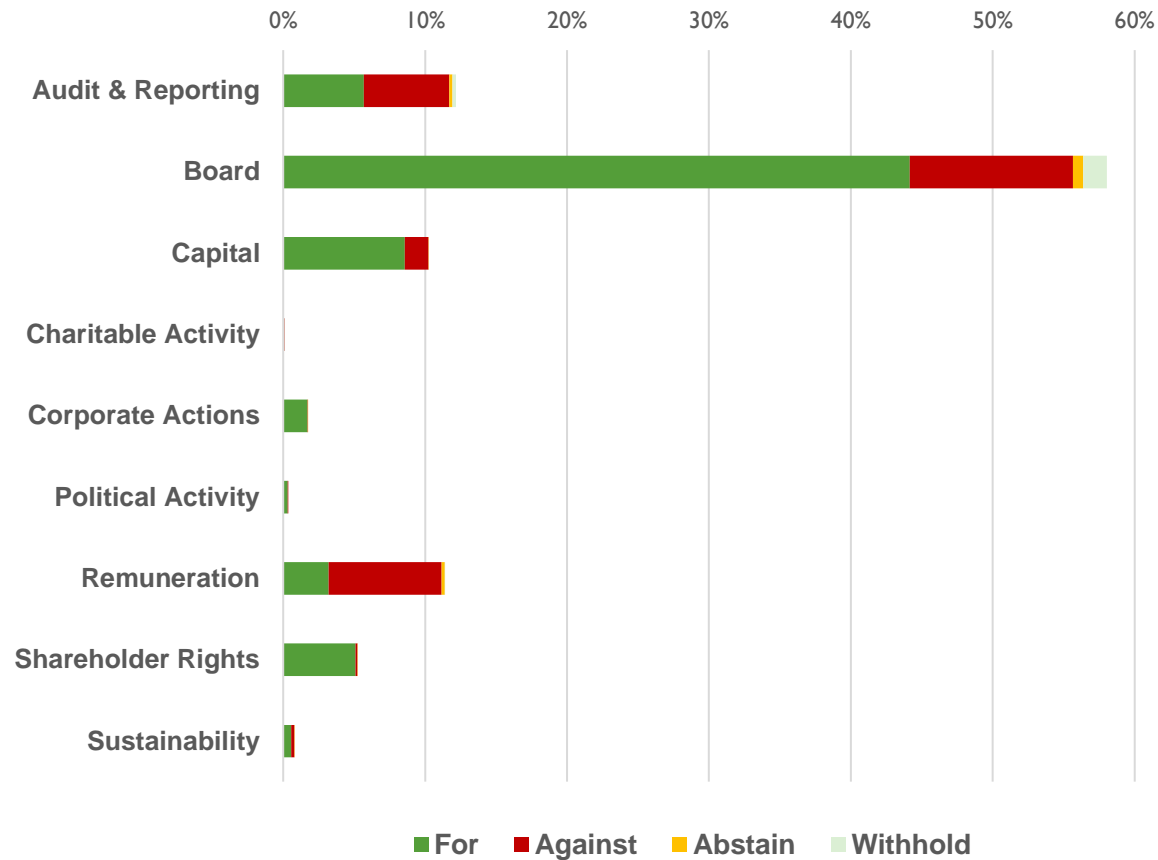
- Blue Sky Group has developed and implemented policies and procedures to ensure that its fiduciary obligation to vote proxies in the best interest of its clients is fulfilled.
- We actively exercise our rights as an owner of shares to promote responsible and sustainable practices in investee companies.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



Region	Event Type								Total
	AGM	Class	Court	EGM	GM	OGM	SGM	SSM	
Africa	4	0	0	0	0	0	0	0	4
Asia & Oceania : Developed	208	14	0	21	2	0	1	1	247
Asia & Oceania : Emerging	57	0	1	5	0	1	0	0	64
Europe : Developed	322	0	0	21	0	0	0	0	343
Europe : Emerging	29	0	0	2	0	0	0	0	31
Japan	268	0	0	1	0	0	0	0	269
North America	638	1	1	1	2	0	9	0	652
South & Central America	34	0	0	25	0	0	0	0	59
UK & Ireland	93	1	1	2	4	0	1	0	102
Total	1,653	16	3	78	8	1	11	1	1,771

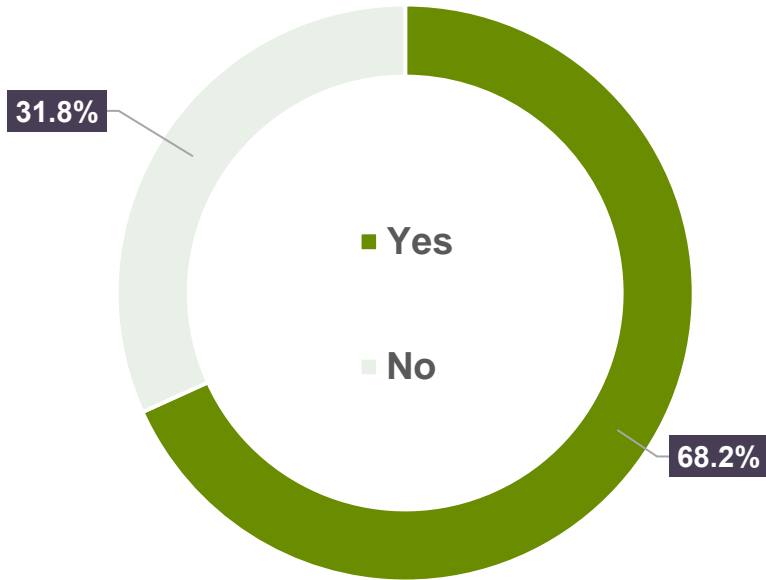
Vote Summary by Resolution Category



Resolution Category	Votes				Total
	For	Against	Abstain	Withheld	
Audit & Reporting	1,300	1,381	50	56	2,787
Board	10,115	2,632	169	379	13,295
Capital	1,960	386	3	0	2,349
Charitable Activity	11	1	0	0	12
Corporate Actions	389	5	5	0	399
Other	8	5	0	0	13
Political Activity	71	7	0	0	78
Remuneration	731	1,822	56	2	2,611
Shareholder Rights	1,165	29	1	0	1,195
Sustainability	126	50	5	0	181
Total	15,876	6,318	289	437	22,920

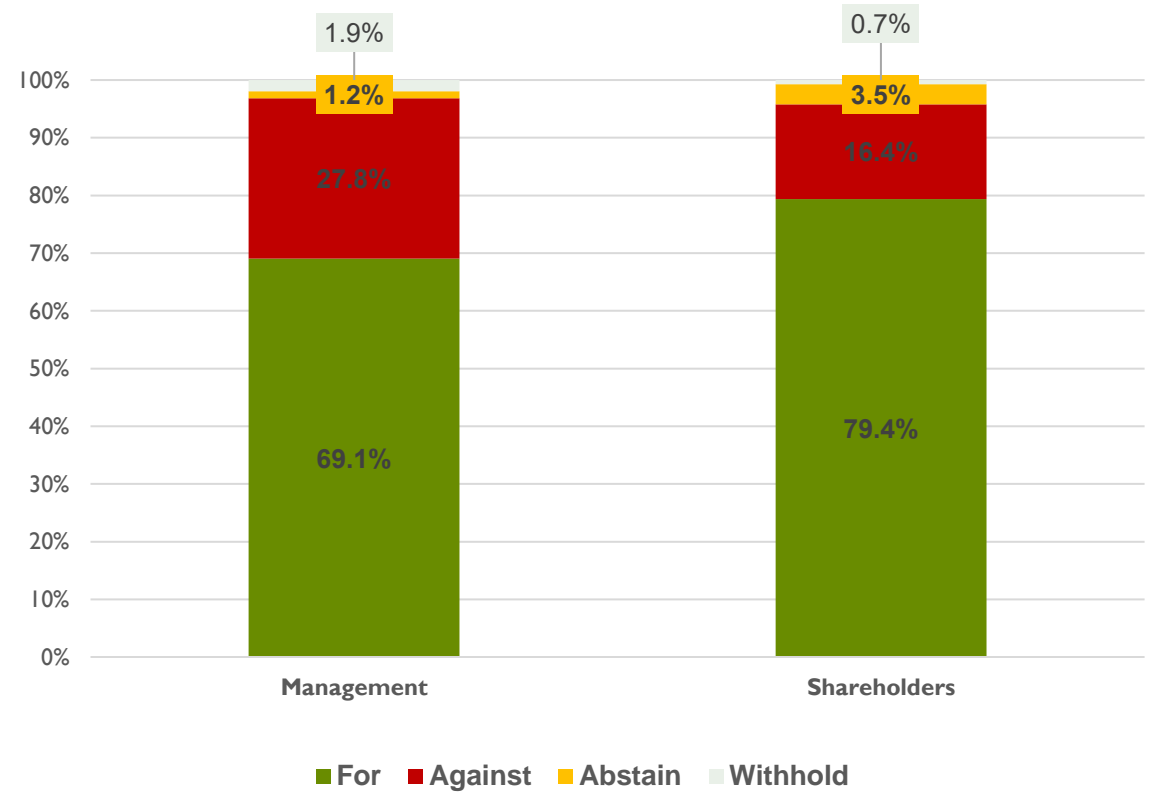
- During the second quarter of 2021, we voted on 1,771 events and 22,920 resolutions.

Management Recommendation Followed



Votes in line with Management Recommendation	15,639
Votes NOT in line with Management Recommendation	7,281

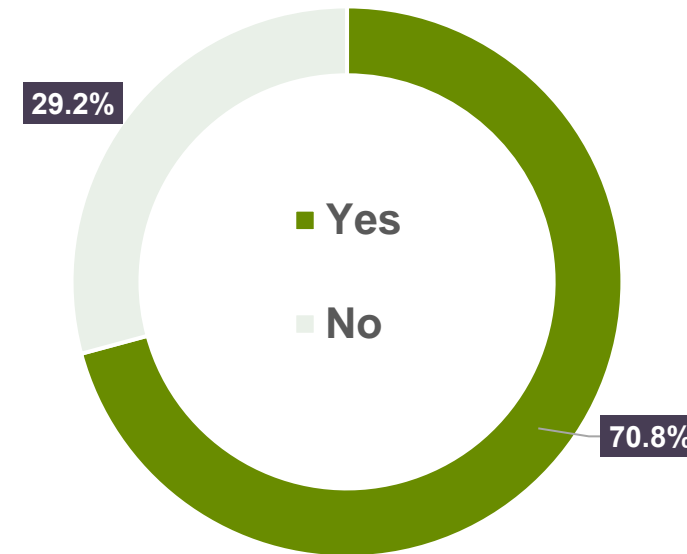
Summary Votes by Proposer



- 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.

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

SDGs Referenced

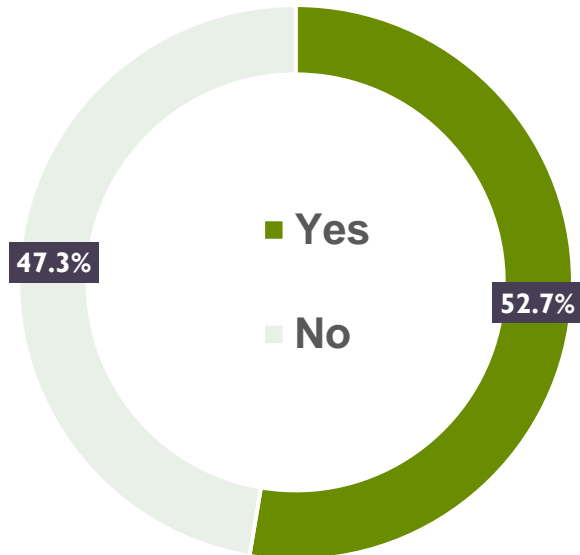


- As part of the Data collection and Research process, Minerva identifies those companies that have referenced the SDGs in their disclosures. In the first quarter of 2021, 70.8% of the companies that held events that we voted on have a material reference to the SDGs.



- 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 52.7% of the Companies we voted on between 1 April 2021 and 31 June 2021 have made specific reference to the TCFD framework and alignment with the disclosure pillars.



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Company	Sector	Incorporated	Event: AGM	Resolutions	Proposed by
Royal Dutch Shell plc	Oil, Gas and Coal	United Kingdom	18 May 2021	20 - To approve the Shell Energy Transition Strategy	Management
				21 - To approve the shareholder resolution regarding emissions	Shareholders

Shell is an international energy company with expertise in the exploration, production, refining and marketing of oil and natural gas, and the manufacturing and marketing of chemicals.

A Dutch court ordered Royal Dutch Shell to drastically deepen planned greenhouse gas emission cuts in May. In particular, the Company was ordered to reduce its planet warming carbon emissions by 45% by 2030 from 2019 levels.

The lawsuit was filed in April 2019 by seven groups including Greenpeace and Friends of the Earth Netherlands and it marks a first in which environmentalists have turned to the courts to try to force a major energy firm to change strategy.

Shell said it was "disappointed" and plans to appeal the ruling, which comes amid rising pressure on energy companies from investors, activists and

governments to shift away from fossil fuels and rapidly ramp up investment in renewables.

Under its February 2021 Energy Transition Strategy, Shell pledged to reduce the carbon intensity of its energy products by 20% by 2030, committing to become a net-zero emissions business by 2050. However, the company's 2021 AGM saw 17% of votes oppose this strategy, with nearly 30% of votes supporting a management-opposed shareholder resolution calling on Shell to set more "inspirational" GHG reduction targets.

We opposed the management proposal to approve the Shell Energy Transitions Strategy and supported the shareholder resolution regarding emission in line with our proxy voting policy.

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Company	Sector	Incorporated	Event: AGM	Resolution	Proposed by
WM Morrison Supermarkets plc	Personal Care, Drug & Grocery Stores	United Kingdom	10 Jun 2021	2 - To approve the report on the implementation of the remuneration policy for the year ended 31 January 2021	Management

Private equity takeover target WM Morrison Supermarkets saw over 70 per cent of shareholders oppose its remuneration report at its recent AGM. Shareholders had held concerns with the remuneration committee’s use of discretion to adjust performance outcomes for CV19 related costs during the year. The voting outcome highlights the sensitive nature of board decisions on executive remuneration during the pandemic and the expectation that companies will show restraint in executive pay and consider the experience of stakeholders.

This is the second year in which Morrison has received significant dissent on remuneration. At the 2020 AGM 35 per cent of shareholders opposed the remuneration policy because of concerns regarding the pension provisions for incumbent executive directors and the approach to pension alignment.

For both the annual bonus and the LTIP, the remuneration committee adjusted for the impact of all pandemic-related costs, such as paying colleagues to shield, over £100 million in colleague bonus payments, installing screens and other protective equipment, social distancing measures, payroll for marshals and restocking food banks. The committee stated it felt strongly that management and other incentive participants (all store managers and above) should not be penalised for their performance through the pandemic. This use of discretion was the main driver for us to oppose the advisory vote on executive compensation.

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Company	Sector	Incorporated	Event: AGM	Resolutions	Proposed by
Rio Tinto plc	Industrial Metals & Mining	United Kingdom	09 Apr 2021	3 - To approve the report on the implementation of the remuneration policy for the year ended 31 December 2020 for UK law purposes	Management

Rio Tinto published its annual report on 17 February 2021 in which it was revealed that departing CEO Jean-Sébastien Jacques’s single figure of pay for 2020 was £7.2 million, up 20.4 per cent from £5.7 million in 2019. Jacques stepped down from the Anglo-Australian mining company by mutual agreement after the Juukan Gorge scandal. The outgoing CEO’s remuneration arrangements were met with criticism from shareholders and stakeholders. A few weeks later on 3 March 2021, Rio announced that chairman Simon Thompson would be stepping down at the 2022 AGM and nonexecutive director Michael L’Estrange, who led the internal board review of the incident, would step down at the 2021 AGM. This means that since the blast, Rio’s CEO, other executives and the chairman have all departed or will depart, representing a significant change in leadership.

Despite the application of malus, CEO Jacques earned his highest remuneration figure in his tenure at Rio in 2020. The increase is due to the significant share price increase since the grant of the 2016 LTIP and it being the first award he received in his capacity as CEO. This highlights the dichotomous year for Rio: financial performance has been strong with the company declaring a total dividend of US\$9 billion; at the same time, its reputation and “social licence” have taken a severe hit. We did not grant support to the executive compensation resolution given the lack of linkage between the performance measures used in the incentive pay elements and the key performance indicators.

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Company	Sector	Incorporated	Event: AGM	Resolutions	Proposed by
Exxon Mobil Corp	Oil, Gas and Coal	United States of America	26 May 2021	10 - To request the Board to prepare a report to shareholders on climate lobbying C1.01 - To elect as a director, Gregory J. Goff C1.02 - To elect as a director, Kaisa Hietala C1.03 - To elect as a director, Alexander A. Karsner	Shareholders

Exxon was dealt a major blow at its 2021 AGM as an activist investor won three seats on its 12- member board, ending a proxy battle that had focused on climate concerns.

More than 135 investors, with USD 2.2 trillion in assets, have teamed up to push Exxon to make leadership changes and to increase its focus on clean energy transition. The gist of the campaign was to:

- (i) refresh the board with highly qualified, independent directors who have diverse track records of success in the energy sector and can help the Board, which has no independent directors with any outside energy experience, position ExxonMobil to successfully evolve with changing industry dynamics;
- (ii) Impose greater long-term capital allocation discipline by applying more stringent approval criteria for new capital expenditures, including lower required break-even oil and gas prices;

- (iii) Implement a strategic plan for sustainable value creation by fully exploring growth areas, including more significant investment in clean energy, to help the Company profitably diversify and ensure it can commit to emission reduction targets, all with the benefit of a Board better qualified to consider such opportunities; and
- (iv) Overhaul management compensation to better align incentives with shareholder value creation.

Given that we expect companies to have a strategy for reducing carbon emission, to be clear about targets set and to report on the progress achieved and the campaign was in line with our focus on SDG13, we have granted support to the shareholder resolution proposed.

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
- **SSM – Scheme Meeting**

■ Vote Types

- **Abstain - Shareholder vote not in favour or against the proposed resolution, but shareholder demonstrates lack of confidence towards the rationale behind the resolution.**
- **Against - Shareholder vote against the resolution proposed.**
- **For - Shareholder 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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