Proxy Voting Report

Period: July 01, 2022 - September 30, 2022

Votes Cast	1599	Number of meetings	134
For	1421	With management	1411
Withhold	0	Against management	188
Abstain	3		
Against	175		
Other	0		
Total	**1599**	**Total**	**1599**

In 56% of meetings we have cast one or more votes against management recommendation.

General Highlights

Increased scrutiny on Board Elections

Board elections, the process in which investors have the right to elect directors to the company's Board of Directors during shareholder meetings, have consistently been one of the fundamental aspects of corporate governance. Corporate boards are responsible for sufficient oversight and can act as a sounding board for management by providing insights and foresight on directors' relevant fields of expertise. Good corporate governance is defined by distinct responsibilities between executive and non-executive directors, with board committees delving into specific matters that require more time and resources. Global best practice requires corporate boards to have sufficient independence levels, both overall and within separate board committees, while safeguarding a relevant and diversified set of skills, expertise, and experience amongst directors to reflect all stakeholders' perspectives.

Historically, there has not been much scrutiny around the election of board directors. Especially not in the absence of a proxy contest or dedicated campaign to vote Against certain directors. Often investors went along with management's recommendations as the majority of board elections are considered routine items at companies' annual general meetings (AGMs). However, over the past years we have witnessed a rise in interest from the public as to how investors use their voting rights, which along with other trends resulted in increased scrutiny from shareholders regarding board elections. First of all, this means investors are increasingly demanding the possibility to hold individual directors accountable. This is for instance not possible in the case of a slate election method, where board directors are jointly put forward in one list (a slate). Secondly, investors continue to prefer the ability to re-elect directors on an annual basis, which is not the case when the election frequency is set to more than one year or when a board is staggered, meaning that only a rotating part of the board is eligible for (re-)election.

Besides investor preferences regarding the different election types and frequencies, director opposition by shareholders has increased over the past couple of years. The 2022 proxy voting report by Semler Brossy showed that the percentage of directors from Russel 3000 companies receiving less than 95% support rates from investors has increased from 22% five years ago to 30% in 2022. Insufficient board independence, gender diversity concerns or potential overcommitment, have been standard drivers of voting Against a director's election. However, nowadays shareholders use the election of board directors to signal discontent around broader topics like environmental and social concerns.

Market Highlights

Market developments in the United States

The US is often cited as a model of good governance characterized by a focus on shareholder rights and robust disclosure requirements. The US corporate governance model is, however, far from being a static system. In the past decades, it has undergone significant changes. These changes were spurred by the accounting scandals of the early 2000s and the 2008 financial crisis, which directed significant scrutiny towards public company boards and raised awareness regarding the far-reaching impacts of poor corporate governance. The Covid-19 pandemic, climate change, and the increase in global wealth and income inequality have again dramatically reshaped the corporate governance landscape. Investors have increased their expectations and are using their rights more than ever to hold companies accountable. Against this backdrop, regulators continued to roll out initiatives to reform the corporate governance system to adapt to these new realities.

One major change that was recently rolled out in the US was the Securities and Exchange Commission's (SEC) adoption of new rules requiring that all companies use 'universal proxy cards' for any meetings involving contested elections. The new rules, which apply to shareholder meetings after August 31, 2022, will overhaul the mechanisms by which proxy contests have been carried out in the US thus far. Prior to the amendments, shareholders voting by proxy were unable to 'mix and match' nominees put forward by the incumbent board and the dissident shareholder, as they could if voting in person. These shareholders were therefore faced with a binary choice – to vote either for one slate or the other, resulting in no or sweeping change. The new rules require both the incumbent board and the dissident shareholder to provide shareholders with a slate including the names of all dissident and registrant nominees, allowing shareholders voting by proxy to choose nominees from either side. We welcome this change as it places investors voting in person and by proxy on equal footing.

In a separate initiative, the SEC proposed certain amendments to Rule 14a-8, which governs the process by which shareholder proposals are included in a company's proxy statement. Under this rule, a company may omit a shareholder proposal from its proxy statement if the proposal falls within one of 13 substantive bases for exclusion. The proposed amendments focus in particular on the substantial implementation, duplication, and resubmission of proposals, aiming to "improve the shareholder proposal process and promote consistency." In recent years, the current rules drew criticism over concerns that the existing standards for exclusion were not consistently implemented, thereby leading to unpredictable outcomes. The new rules address these concerns by ensuring a more transparent framework for the rule's application. We support the changes and expressed our position by participating in the public consultation launched by the SEC on the new rules.

Another development we are closely following is the California Gender Board Diversity Law. In May 2022, the California law requiring increased female representation on public company boards headquartered in the state was struck down. The decision came weeks after a court invalidated a bill requiring California-based publicly listed corporations to

have board members from underrepresented communities. This outcome prompted concerns that the rulings will stifle future efforts to enact diversity regulations in the US. Despite this, companies continue to face mounting pressure from shareholders to increase diversity in the boardroom. At the same time, the Nasdaq Board Diversity Rules, which became effective in August 2022, signal that the focus on diversity remains ongoing and that companies should continue striving to ensure an adequate level of board diversity.

Voting Highlights

Prosus NV – 08/24/2022 – Netherlands
Proposals: Remuneration Report, Remuneration Policy Executive and Non-Executive Directors & Authority to Repurchase Shares.

Prosus N.V. engages in the e-commerce and internet businesses. It operates internet platforms, such as classifieds, payments and fintech, food delivery, travel, education, retail, health, social, and other internet platforms.

The company's 2022 Annual General Meeting (AGM) occurred amidst high scrutiny over the continued rise in Prosus' valuation discount. In this context, three resolutions were particularly noteworthy.

First, Prosus asked shareholders to approve a share buyback authority enabling the board to repurchase shares representing up to 50% of the issued share capital over a period of 18 months. We voted For the resolution, having assessed that the proposed buyback is an effective means to address Prosus' steep valuation discount. The proposal was supported by an overwhelming majority (ca. 93%).

Second, Prosus asked for approval on certain changes to the remuneration policy aimed at incentivizing the executive team to focus on reducing the discount to NAV. Specifically, the company proposed to not award any LTI for FY2023 and to instead issue a special discount-linked STI, to be earned based on whether a "material reduction" of the discount to NAV is achieved by the end of FY2023. Per the company's disclosure, the board retains full discretion to assess the materiality of the reduction. We voted Against the resolution based on our concerns that the proposed changes place excessive focus on short-term performance and that the proposed plan lacks sufficient transparency. The resolution was approved with 12% dissent.

Finally, we voted Against Prosus' remuneration report, which was opposed by 14% of the votes cast. In line with our voting policy, we assessed this report based on our proprietary remuneration framework and identified concerns with regards to pay magnitude and transparency.

Nike, Inc. – 09/09/2022 – United States
Proposals: Advisory Vote on Executive Compensation & Shareholder Proposal Regarding Policy to Pause Sourcing of Raw Materials from China.

NIKE, Inc., together with its subsidiaries, designs, develops, markets, and sells athletic footwear, apparel, equipment, and accessories worldwide.

Nike's 2022 Annual General Meeting (AGM) saw shareholders vote on a number of resolutions routinely encountered on US firm ballots. Two agenda items were of particular importance.

The first was the Say on Pay proposal, which once again drew significant opposition from shareholders. It faced dissent from 35% of

the votes cast, up from 28% in 2021. We voted Against the proposal for the third year in a row as Nike's remuneration policy and practices continue to lag our expectations. In line with our voting policy, we assessed the company's compensation program based on our proprietary remuneration framework which looks at factors such as pay structure, pay magnitude and transparency. We concluded that our opposition is warranted given, inter alia, the discretionary adjustments to the FY2021 STI plan, the large base salary increases and the low ratio of LTI delivered to the CEO in the form of PSUs.

The second notable resolution on the agenda was a shareholder proposal opposed by management. This resolution requested that Nike adopt a policy to pause the sourcing of cotton and other raw materials from China until the U.S. government Business Advisory is lifted or rescinded. We abstained from voting on the resolution. While we consider that Nike should address the risks related to its China sourcing, pausing all raw material sourcing from China is not the sole means to achieve this.

Alibaba Group Holding Ltd - 09/30/2022 - Cayman Islands

Proposal: Board elections

Alibaba Group Holding Limited, through its subsidiaries, provides technology infrastructure and marketing reach to merchants, brands, retailers, and other businesses to engage with their users and customers in the People's Republic of China and internationally.

At the company's annual general meeting (AGM), the focus was on the election of directors. As in previous years, the Alibaba Partnership, a formal partnership agreement that was initiated by the founders of the Group in 2010, has the exclusive right to nominate or, in limited situations, appoint up to a simple majority of the members of the company's board. Currently, 4 out of the 11 directors on the board are appointed by the Partnership. The Partnership's nomination right is not fully exercised since its nominees do not currently comprise a majority of the board.

We decided to oppose the re-election of the more respective accountable member of the nomination committee, as the board fails to incorporate the appropriate level of gender diversity. Additionally, we voted Against the Chairman of the board because of his double role also as the CEO and because there is no lead independent director. Compared to previous years, we acknowledge that there have been positive developments regarding the company's corporate governance structure, including an increase in the board's overall independence and a now 100% independent compensation committee.

However, we expect these improvements to continue, considering the company's anticipated primary listing on the Hong Kong Stock Exchange. In preparation for this listing, the company will adopt an Employee Stock Ownership Plan (ESOP) to comply with the amended Chapter 17 of the Hong Kong Listing Rules, which will be subject to shareholders' approval at an upcoming EGM. We provided input to the company to help them identify the material issues they should consider when they design their new ESOP.

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