



First Quarter 2022 Proxy Voting

Our voting decisions are informed by our bottom-up analysis, as well as best practice corporate governance principles. We believe that proxy voting is a key component of being an active owner and are committed to consistently exercising our voting rights. This quarter, we voted in eight shareholder meetings covering 75 management proposals.

Q1 2022

Country	Number of meetings	Number of meetings voted	Total number of resolutions voted
Australia	1	1	5
Japan	2	2	14
Luxembourg	2	2	21
Switzerland	1	1	19
United States	2	2	16
Total	8	8	75

We believe that proxy voting can be an important tool for signaling what practices we believe are aligned with strong ESG performance and those that are not. This quarter we voted against four proposals.

The first proposal concerned executive compensation. The company in question had previously tied executive compensation to three performance-metric growth targets over a full-year period. However, in this year's report, the company limited the performance period to the *last six months* of the year. If a full-year performance period had been used, none of the growth targets would have been met, resulting in zero executive bonuses. While we recognise that the impacts of the COVID-19 pandemic are ongoing, we disagree with proposals that exercise discretion to reward executives despite them missing prescribed performance thresholds. We believe that to reward executives in these instances undermines the premise of an award-based incentive. Equally, it reduces executive accountability to mitigate risk through disaster planning and adapt to unforeseen circumstances. The second proposal concerned compensation *reporting*. At SilverCross, we value transparency and encourage our portfolio companies to deepen their disclosure on material issues – something we engaged on with this particular company. Despite clear improvements in the readability of the report from last year, we believe that the report remained overcomplex in parts and lacked detail in others. The third proposal we voted against was a Spill Resolution. Spill Resolutions require directors to stand for re-election if 25% or more of votes are cast against a remuneration report proposal. Although we voted against the remuneration report proposal, we support the current Board, and do not believe this warrants ceasing their current directorship. The final proposal concerned the re-election of a director. We take a granular approach to address the suitability of board members, and consider a variety of issues including diversity, independence and qualifications. In this instance, it was the combination of factors, rather than an isolated issue, that caused us to vote against the re-election.

This quarter, we also voted in contrast to one of our 'default positions'. We voted in favour for the re-election of a chair despite the member also being the CEO, a state termed 'CEO duality'. In line with proxy advisors, Glass Lewis and ISS, we believe that shareholders *can* be better served when the board is led by an independent chair. An independent chair may have greater monitoring capacity as they are less likely to have the management conflicts which can exist when an executive also serves as chair. However, evidence on the impact of CEO duality on performance is somewhat inconsistent and appears to be dependent on the unique circumstances of the given company. Most arguments against CEO duality centre around monitoring capacity, inefficient CEOs, and concerns of inflated executive compensation. However, the CEO in question has a strong track record, attended all Board and Committee meetings, and has consistently received compensation below the CEO of its closest peer.

(continued)

Management Resolutions

Country	Number of management resolutions	Number of management resolutions voted for	Number of management resolutions voted against	Number of management resolutions voted abstained
Australia	5	3	2	0
Japan	14	14	0	0
Luxembourg	21	21	0	0
Switzerland	19	18	0	1
United States	16	14	2	0
Total	75	70	4	1

Shareholder Resolutions

Country	Number of shareholder resolutions	Number of shareholder resolutions voted for	Number of shareholder resolutions voted against	Number of shareholder resolutions voted abstained
Australia	0	0	0	0
Japan	0	0	0	0
Luxembourg	0	0	0	0
Switzerland	0	0	0	0
United States	0	0	0	0
Total	0	0	0	0

Alignment with Management

