



Second Quarter 2023 Proxy Voting

We believe that proxy voting is a key component of being an active owner and are committed to consistently exercising our voting rights. In the second quarter of 2023, we voted in 17 shareholder meetings covering 243 management proposals.

Q2 2023

Country	Number of meetings	Number of meetings voted	Total number of resolutions voted
France	1	1	20
Germany	3	3	28
Japan	3	3	34
Sweden	2	2	45
Switzerland	2	2	47
United Kingdom	1	1	19
United States	5	5	50
Total	17	17	243

Our voting decisions are informed by our bottom-up analysis, as well as best practice corporate governance principles. 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 five proposals, all of which were related to disclosures on executive compensation. We take a granular approach to address the suitability of executive compensation and encourage our portfolio companies to deepen their disclosure on the rationale behind these decisions. Likewise, we place great emphasis on sharing our voting rationale with our portfolio companies, particularly when we propose voting against a proposal. We believe this enables us to make an informed decision and helps our portfolio companies improve in areas we have identified a risk.

We focus our efforts on engaging directly with the decision-makers within a company. This quarter, our discussions with management centred on increasing remuneration transparency, including clearly disclosing the performance metrics and hurdle rates that underpin compensation amounts. We encourage our portfolio companies to tie executive compensation to long term value creation, and favour value-based metrics over market-price metrics. This is because market-price measures, such as earnings per share (EPS), are largely impacted by factors *outside* of management's control and can instead reflect investor sentiment, macroeconomics and geopolitics. On the other hand, value-based metrics, such as return on invested capital (ROIC), can be a strong indicator of management's ability to efficiently allocate capital and further create value. Regardless of the chosen performance metric(s), we believe that the hurdle rate should be significant enough to further align management with shareholder interests and incentivise high performance. We have relayed this to the portfolio companies in question and look forward to further benchmarking and improvements in the future.

