



# Global Corporate Governance Report

Proxy Voting Report: Quarter to 31 December 2020 including Annual Voting Statistics

PROFIT WITH PRINCIPLES

**16** PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



# Corporate Governance: Sustainable Development Goal 16

## Goal #16 Peace, Justice and Strong Institutions

- Strong governance and accountable institutions is covered by SDG #16
- *Substantially reduce corruption and bribery in all their forms*
- *Develop effective, accountable and transparent institutions at all levels*
- *Broaden and strengthen the participation of developing countries in the institutions of global governance*



We vote in all markets and at all meetings in respect of:

- Our active share ownership
- Our obligations under the UK Stewardship Code
- Our Corporate Governance ESG screen
- Our SRI European Transparency Code accreditation
- Our commitment to transparency under SDG #16

# Corporate Governance Voting Policy: Our Approach

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- We publish our UK and International Corporate Governance Voting Policies at [www.edentreeim.com](http://www.edentreeim.com)
- Policies are reviewed annually. Our overarching Corporate Governance Policy is as follows:
  - *EdenTree Investment Management (EIM) supports the principle of considered voting believing that proxies have an economic and stewardship value, and that shareholders have a vital role to play in encouraging high standards of corporate governance from the perspective of being long-term investors. EIM will therefore seek to vote at all meetings in which it has a shareholding. In very exceptional cases, EIM may elect to abstain from voting where companies have provided insufficient information for us to take a view*
  - *EIM has adopted a policy of voting in support of company management except where proposals are considered to be in breach of corporate governance best practice, or are viewed as not being in the economic interests of shareholders*
- For the purposes of SRDII<sup>1</sup> we use IVIS<sup>2</sup> as our UK research provider; IVIS does not provide vote recommendations – all decisions are taken by EIM. Glass Lewis & Co. votes our overseas proxies in accordance with an agreed policy template
- All proxies voted in support of management (pages 9-10 and 20) are voted in line with Policy
- For more information on our approach to proxy voting please contact [information@edentreeim.com](mailto:information@edentreeim.com)

<sup>1</sup> SRDII – Shareholder Rights Directive II effective 2019; <sup>2</sup> Institutional Voting Information Service

# UK Corporate Governance Report

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Quarter to 31 December 2020

PROFIT WITH PRINCIPLES

## UK Proxy Voting: Quarter to 31 December 2020

	For	Oppose	Abstain	Total		
Resolutions	415	28	9	452	Equity	Fixed
%	92	6	2	100	42	3
Meetings				45		

Reason for Action	Oppose	Abstain
Remuneration Report	12	4
Board Balance (Directors)	11	1
Individual Incentive Schemes	5	0
Auditors	0	0
Other	0	4
<b>Total</b>	<b>28</b>	<b>9</b>

*Proxy voting statistics relate to all EdenTree Funds under management, institutional and retail, and therefore may include companies excluded on ethical grounds in the Amity Funds, but allowed in other Funds*

# Oppose Votes

Company	Date		Resolution	Reason
Hargreaves Lansdown	08.10.20	3	Approve Remuneration Report	Significant short-term bias; LTIP with no performance
		4	Approve Remuneration Policy	Significant short-term bias; LTIP with no performance
		10	Re-elect Ms S Garrod	Chair Remuneration Committee; poor overall structure
		21	Amend SPP	Long-term plan with no performance attached; poor value
BHP Group	15.10.20	7	Approve Remuneration Report	Over 400% awarded; significant vesting at threshold
		8	Approve Remuneration (Australia)	Over 400% awarded; significant vesting at threshold
		9	Approve Awards to CEO	Over 400% awarded; significant vesting at threshold
NCC Group	20.10.20	2	Approve Remuneration Report	Bonus award despite performance not attained
		9	Re-elect Mr J Brooks	Chair Remuneration Committee; Pay Policy over-ridden
Frontier Developments	21.10.20	5	Re-elect Mr D Gammon	Chair; has presided over poor overall governance
		6	Re-elect Mr G Mitchell	Connected NED; poor attendance
		7	Re-elect Mr J Walsh	Former executive; non-independent; on Audit Committee
Dechra Pharmaceuticals	27.10.20	3	Approve Remuneration Policy	Increase in bonus maximum; financial metrics reduced
The Investment Company	04.11.20	6	Re-elect Mr M Perrin	Non-independent NED; insufficient Board independence
Provident Financial (EGM)	03.11.20	1	Approve Remuneration Policy	Introduction of role based pay; poor performance link
		2	Approve Role Based Pay	Spurious introduction of role based pay; poor value
		3	Approve Restricted Share Plan	Plan with no performance hurdles attached; poor value
Smiths Group	16.11.20	2	Approve Remuneration Report	Significant vesting at threshold; dubious bonus rationale
Close Brothers Group	19.11.20	2	Approve Remuneration Report	Bonus awarded wholly on personal objectives; excessive

# Oppose Votes

Company	Date		Resolution	Reason
Close Brothers Group	19.11.20	3	Approve Remuneration Policy	Poor performance link; excessive in aggregate
		8	Re-elect Mr O Corbett	Member Remuneration Committee; poor oversight
		10	Re-elect Ms L Jones	Member Remuneration Committee; poor oversight
		11	Re-elect Ms B Macaskill	Chair Remuneration Committee; poor oversight
Ferguson	03.12.20	2	Approve Remuneration Report	Excessive; significant vesting at threshold; performance
		12	Re-elect Ms J Simmonds	Chair Remuneration Committee; poor performance link
600 Group	22.12.20	2	Re-elect Mr P Dupree	Executive Chair; poor overall governance; independence
Informa (GM)	23.12.20	1	Approve Remuneration Policy	Poor structure; absence of performance hurdles
		2	Approve Equity Revitalisation Plan	Poor structure; absence of performance hurdles

# Abstain Votes

Company	Date		Resolution	Reason
Sosandar	15.10.20	6	Issue Shares W/O Pre-emption	Issuance over 15% of equity; breaches dilution limits
BHP Group	15.10.20	25	Shareholder Resolution	Publish a report on lobbying; poor rationale explained
Anglesey Mining	30.10.20	3	Approve Remuneration Policy	No remuneration paid but provides for NED stock options
Smiths Group	16.11.20	13	Re-elect Mr N Tata	Potential over-boarding; multiple other appointments
EdenTree UK Equity Growth Fund	11.11.20	1	Amend Articles: Screened Fund	Ecclesiastical is a material investor; conflict of interest
DX Group	28.11.20	6	Approve Remuneration Report	Insufficient disclosure to form a view; share price link
Genus	25.11.20	2	Approve Remuneration Report	Significant vesting at threshold; poor performance link
MJ Hudson Group	10.12.20	2	Approve Remuneration Report	Poor structure; insufficient information to take a view
600 Group	22.12.20	5	Issue Shares W/O pre-emption	Issuance over 50% of equity; breaches dilution limits



## The following votes were registered in support of management

Company	Date	Resolutions	Action
Unilever (CRT)	12.10.20	1	For Resolution
Unilever (EGM)	12.10.20	1	For Resolution
Reach (OGM)	22.10.20	4	For All Resolutions
Lloyds Banking Group (SM)	21.10.20	1	For Resolution
The Investment Company (EGM)	04.11.20	2	For All Resolutions
Shaftesbury (EGM)	17.11.20	4	For All Resolutions
Schroder Japan Growth Fund	23.11.20	13	For All Resolutions
Dunelm Group	17.11.20	27	For All Resolutions
Essensys	24.11.20	10	For All Resolutions
Clinigen	28.11.20	15	For All Resolutions
Lloyds Banking Group (SM)	23.11.20	1	For Resolution
N Brown	23.11.20	6	For All Resolutions
Mears (EGM)	25.11.20	1	For Resolution
Hotel Chocolat	27.11.20	12	For All Resolutions
Target Healthcare REIT	02.12.20	15	For All Resolutions
PRS REIT	10.12.20	13	For All Resolutions
Bioventix	10.12.20	9	For All Resolutions
Marlowe (SM)	11.12.20	3	For All Resolutions

*All proxies voted in support of management are voted in line with our corporate governance policy*

## The following votes were registered in support of management

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Company	Date	Resolutions	Action
Urban & Civic (EGM)	14.12.20	1	For Resolution
Urban & Civic (CRT)	14.12.20	1	For Resolution
The Renewables Infrastructure Group (EGM)	14.12.20	1	For Resolution
Bellway	11.12.20	18	For All Resolutions
Applied Graphene Materials	15.12.20	14	For All Resolutions
Frontier IP Group	17.12.20	8	For All Resolutions
Kier Group	17.12.20	17	For All Resolutions

## Ballots Submitted but not Recorded

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Company	Date	Resolutions	Action
Vietnam Holding Limited	30.10.20	11	For All Resolutions; shares executed but not recorded; sub-custodian issue
Vietnam Holding Limited	30.10.20	1	For Resolution; shares executed bit not recorded; sub-custodian issue

*A technical issue meant the custodian was unable to accept our voted ballots as an aligned corporate action effected on a sub-custodian platform invalidated these votes i.e. it was not possible to execute an action on two platforms for the same holding.*

# Ballot Not Voted

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Company	Date	Resolutions	Action
Santander UK Group Holdings	03.12.20	1	Modification of Trust Deed (Bond Meeting) - Too short notice to take action

## FTSE 100 Board Diversity\*

Company	Rank	%	Comment
Hargreaves Lansdown	54	33%	Meets Hampton Alexander diversity target
BHP Group	6	33%	Modest increase on 2019; meets Hampton Alexander diversity target
Smiths Group	68	40%	Significant increase in diversity over 2019; meets diversity targets
Ferguson	36	44%	Modest increase on 2019; meets Hampton Alexander diversity target
Bellway	96	33%	Meets Hampton Alexander diversity target

# UK/Australia Shareholder Resolutions Supported

Company	Resolution	Date
BHP Group	Amend Group Constitution to allow Australian investors to propose ordinary resolutions	15.10.20
	Proposal seeks to strengthen approaches to cultural heritage and invoke a moratorium*	15.10.20

\* This resolution was subsequently withdrawn by the proponents, but is included for completeness

*It is EdenTree Investment Management's policy to support Shareholder Resolutions where these appear reasonable and proportionate and in keeping with our general stance on ESG (environmental, social and governance) positives. Where they appear to mandate an unreasonable financial charge or represent narrow lobby interests we may exercise discretion to oppose or abstain*

## Snapshot: Selected UK Voting Outcomes October-December

Company	Resolution	EIM Action	For %	Oppose %
Hargreaves Lansdown	Approve Remuneration Report	OPPOSE	98.3%	1.7%
	Approve Remuneration Policy	OPPOSE	96.3%	3.7%
	Approve Sustained Performance Plan	OPPOSE	98.9%	1.1%
Close Brothers	Approve Remuneration Report	OPPOSE	96.4%	3.5%
	Approve Remuneration Policy	OPPOSE	97.1%	2.8%
Genus	Approve Remuneration Report	ABSTAIN	97.8%	2.1%
Ferguson	Approve Remuneration Report	OPPOSE	78.1%	21.9%
Informa	Approve Remuneration Policy	OPPOSE	59.4%	40.5%
	Adopt Equity Revitalisation Plan	OPPOSE	59.4%	40.5%

# International Corporate Governance Report

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Quarter to 31 December 2020

PROFIT WITH PRINCIPLES



## International Proxy Voting: Quarter to 31 December 2020

	For	Oppose	Abstain	Total	Meeting Region	No.
Resolutions	116	18	1	135	Europe <sup>1</sup>	10
%	86	13	1	100	USA/Canada	4
Meetings				22	HK/Singapore	6
Markets Voted				11	Japan	0
Shareblocking				1	Asia – Other <sup>2</sup>	0
					Australia/NZ	1
					Emerging <sup>3</sup>	1
					<b>Total</b>	<b>22</b>

  

Reason for Action	Oppose	Abstain
Executive Compensation	5	0
Board Balance (Directors)	9	0
Shareholder Capital Issues	0	0
Other	4	1
<b>Total</b>	<b>18</b>	<b>1</b>

- 1 Ex-UK (see separate report)  
2 Malaysia, Thailand, Vietnam  
3 Latin America/India/Africa/Israel/Offshore

*Proxy voting statistics relate to all EdenTree Funds under management, institutional and retail, and therefore may include companies excluded on ethical grounds in the Amity Funds, but allowed in other Funds. At companies where shareblocking is exercised, such as in Switzerland and Norway, it is our policy to take no action rather than waive our shareholder rights, however for completeness, these are included in 'markets voted'.*

# Oppose Votes

Company	Date*		Resolution	Reason
AcadeMedia AB	17.11.20	19	Elect Mr J Andersson	Connected director on Audit Committee; independence
Automatic Data Processing Inc.	11.11.20	12	Executive Compensation	Compensation is excessive in aggregate
		13	Ratify Auditors	No tender for 52 years; excessive auditor tenure
PetroChina Co. Ltd	05.11.20	4	Elect LV Bo as Supervisor	Supervisors are all affiliated; no independent directors
Amiad Water Systems Ltd.	17.12.20	9	Elect Mr D Zissman	Chair Audit Committee; no disclosure on auditor fees
Cisco Systems Inc.	10.12.20	1	Elect Ms M Burns	Non-independent NED; excessive tenure
		3	Elect Mr M Capellas	Non-independent NED; excessive tenure
		6	Elect Mr R McGearry	Non-independent lead director; excessive tenure
		12	Amend 2005 Stock Plan	Excessive dilution given compensation excess
		13	Executive Compensation	Poor performance link; excessive in aggregate
		14	Ratify Auditors	No tender for 32 years; excessive auditor tenure
Medtronic Plc	11.12.20	7	Re-elect Mr J Lenehan	Non-independent Audit Committee member
		12	Re-elect Mr K Powell	Connected director Audit Committee; conflict of interest
		13	Appoint Auditors	No tender for 57 years; excessive auditor tenure
		14	Executive Compensation	Poor performance link; excessive in aggregate
Microsoft Corporation	02.12.20	5	Elect Ms S Petersen	Chair Remuneration Committee; egregious remuneration
		13	Executive Compensation	Poor performance link; excessive in aggregate
		14	Ratify Auditors	No tender for 37 years; excessive tenure

\* Date throughout refers to the date of company meeting; all proxies were however voted within the calendar quarter

# Abstain Votes

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Company	Date		Resolution	Reason
Cisco Systems Inc.	10.12.20	11	Reincorporate to Delaware	Corporate incorporation from California; reason opaque

## The following votes were registered in support of management

Company	Country	Date	Resolutions	Action
ASR Nederland NV	Netherlands	28.10.20	1	For Resolution
Banco Santander SA	Spain	26.10.20	7	For All Resolutions
BBGI SICAV SA	Luxembourg	27.10.20	2	For All Resolutions
China Oilfield Services	China	21.10.20	2	For All Resolutions
Husqvarna AB	Sweden	23.10.20	2	For All Resolutions
BBGI Global Infrastructure SA	Luxembourg	30.11.20	3	For All Resolutions
Bingo Industries Limited	Australia	11.11.20	5	For All Resolutions
Fugro NV	Netherlands	30.11.20	2	For All Resolutions
Landis+Gyr Group AG	Switzerland	24.11.20	1	For Resolution
Mapletree Logistics Trust	Singapore	23.11.20	3	For All Resolutions
ARA LOGOS Logistics Trust	Singapore	23.12.20	8	For All Resolutions
B&M European Retail SA	Luxembourg	03.12.20	4	For All Resolutions
Huaneng Power International	China	22.12.20	5	For All Resolutions
Suntec Real Estate Investment Trust	Singapore	04.12.20	1	For Resolution

*All proxies voted in support of management are voted in line with our corporate governance policy*

# Global Shareholder Resolutions Supported

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Company	Resolution	Date
Automatic Data Processing Inc.	Report on non-management employee Board representation – Proposal has merit	11.11.20
Cisco Systems Inc.	Independent Chair – Proposal supported	10.12.20
Microsoft Corporation	Proposal to elect an employee Board director – Proposal may have merit	02.12.20

*It is EdenTree Investment Management's policy to support Shareholder Resolutions where these appear reasonable and proportionate and in keeping with our general stance on ESG (environmental, social and governance) positives. Where they appear to mandate an unreasonable financial charge or represent narrow lobby interests we may exercise discretion to oppose or abstain*

# Shareblocked Meetings

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Company	Country	Resolutions	Date
Yara International ASA	Norway	3	17.11.20

# Annual Corporate Governance Statistics

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Year to 31 December 2020

## UK Proxy Voting: Year to 31 December 2020

	For	Oppose	Abstain	Total		
Resolutions	2,940	255	48	3,243	Equity	Fixed
%	91	8	1	100	203	11
Meetings				214		

Reason for Action	Oppose	Abstain	%
Remuneration Report	150	13	54
Board Balance (Directors)	73	9	27
Other	32	26	19
<b>Total</b>	<b>255</b>	<b>48</b>	<b>100</b>



## International Proxy Voting: Year to 31 December 2020

	For	Oppose	Abstain	Total
Resolutions	2,002	281	16	2,299
%	87	12	1	100
Meetings				185
Markets Voted				27
Shareblocking				3

Reason for Action	Oppose	Abstain
Executive Compensation	66	2
Board Balance (Directors)	113	2
Shareholder Capital Issues	36	2
Other	66	10
<b>Total</b>	<b>281</b>	<b>16</b>

Meeting Region	No.
Europe <sup>1</sup>	86
USA/Canada	41
HK/Singapore	39
Japan	7
Asia – Other <sup>2</sup>	5
Australia/NZ	1
Emerging <sup>3</sup>	6
<b>Total</b>	<b>185</b>

- 1 Ex-UK  
 2 Malaysia, Thailand, Vietnam etc.  
 3 Latin America/India/Africa/Israel/Offshore

## Grand Total Proxy Voting: Year to 31 December 2020

	For	Oppose	Abstain	Total
Resolutions	4,942	536	64	5,542
%	89	10	1	
Meetings				399
Markets Voted				31
Shareblocking				3

Reason for Action	Oppose	Abstain	%
Executive Compensation	216	15	38
Board Balance (Directors)	186	11	33
Shareholder Capital Issues	36	2	7
Other	98	36	22
<b>Total</b>	<b>536</b>	<b>64</b>	<b>100</b>

Meeting Region	No.
UK <sup>1</sup>	214
Europe <sup>2</sup>	86
USA/Canada	41
HK/Singapore	39
Japan	7
Asia – Other <sup>3</sup>	5
Australia/NZ	1
Emerging <sup>4</sup>	6
<b>Total</b>	<b>399</b>

- 1 UK includes IOM and Channel Islands
- 2 Ex-UK
- 3 Malaysia, Thailand, Vietnam etc.
- 4 Latin America/India/Africa/Israel/Offshore

# Our Partners

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We work with national and international partners to deliver proxy voting



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edentree  
investment management

EdenTree  
24 Monument Street  
London  
EC3R 8AJ

T 0800 011 3821  
@edentree

[edentreeim.com](http://edentreeim.com)

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