

# J. STERN & CO.

## Voting Activity Summary 2022

### Our Voting Policy

Our stewardship activities are an integral part of how we manage assets for our clients. The guiding principle governing our approach to voting is to act in line with our fiduciary responsibilities in what we deem to be the best interests of our clients. While we are a boutique asset manager, we are willing to take a stand and to use our vote wisely to support engagement.

In the ordinary course of our business, we look to support company management because quality of management is one of our key investment criteria. However, we withhold support or oppose management if we believe that it is necessary and appropriate to do so.

We seek to vote on all issues raised. The majority of resolutions target specific corporate governance issues which are required under local stock exchange listing requirements, including but not limited to: approval of directors, approval of annual reports and accounts, approval of incentive plans, capital increases, reorganisations, mergers, and acquisitions. We vote on both shareholder and management resolutions.

We undertake our own internal work in assessing resolutions, applying our voting principles to each item. These principles include ensuring the board's diversity and independence, protecting minority shareholder rights, ensuring that executive compensation is tied to the long-term prospects of the business and shareholder value creation, upholding ESG issues and supporting capital increases only for legitimate financing reasons. Where appropriate we draw from external research, but ultimately the final decision will reflect our own assessment of what we believe to be in the best interests of our clients.

Responsibility for assessing the merits of each resolution lies with the individual analyst covering the company and our dedicated ESG analyst. Their conclusions are presented to the ESG Committee and the CIO who then reach a decision for each company's set of resolutions. We have voted against and will continue to vote against boards' recommendation if we believe that doing so is in the best interests of our clients.

Securities are held on behalf of clients in multiple countries and at multiple custodians and banks, which may constrain or restrict us from voting. Therefore, our voting activities are subject to our contractual obligations with those clients and applicable local laws and regulations. As such, we will vote where this is possible or administratively feasible, unless directed otherwise by clients.

### Proxy Voting Summary Jan 1<sup>st</sup>, 2022 – Dec 31<sup>st</sup>, 2022

#### Type of Resolutions

All Resolutions	Number of Resolutions	Voted Against Management
<b>Audit</b>	<b>43</b>	<b>-</b>
Ratification	43	-
<b>Board of Directors</b>	<b>371</b>	<b>-</b>
Election	371	-
<b>Capital</b>	<b>37</b>	<b>2</b>
Share issuance	25	2
Shares repurchase	12	-
<b>Compensation</b>	<b>70</b>	<b>1</b>

All Resolutions	Number of Resolutions	Voted Against Management
Directors	23	-
Executives	47	1
<b>Financial statements</b>	<b>34</b>	<b>-</b>
Approval	34	-
<b>Governance</b>	<b>25</b>	<b>1</b>
Policies	23	1
Political activities	2	-
<b>Meetings &amp; Voting</b>	<b>6</b>	<b>-</b>
AGM related	6	-
<b>Shareholders rights and defence</b>	<b>11</b>	<b>5</b>
Special meetings	7	1
Voting rights	4	4
<b>Social and environmental</b>	<b>42</b>	<b>27</b>
Charitable contributions	3	3
Competition strategy	2	-
Consumer issues	12	7
Diversity & Inclusion	5	3
Environmental issues	6	4
Human rights	8	5
Lobbying	6	5
<b>Grand Total</b>	<b>639</b>	<b>36</b>

### Company Breakdown

Company	Total Resolutions	Voted With Management	Voted Against Management
Abbott	19	19	-
Adobe	14	14	-
Alcon	23	23	-
Alphabet	30	20	10
Alteryx	6	6	-
Amazon	29	20	9
American Tower	15	15	-
Amphenol	12	12	-
Becton Dickinson	15	14	1
Block	5	4	1
Diageo	22	22	-
DraftKings	14	13	1
Eaton	19	19	-
Essilor Luxottica	16	16	-
Estee Lauder	8	8	-

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Company	Total Resolutions	Voted With Management	Voted Against Management
Givaudan	21	21	-
Honeywell	15	13	2
Linde	16	15	1
L'Oréal	26	26	-
LVMH	23	23	-
Mastercard	20	19	1
Medtronic	16	16	-
Meta	23	16	7
MTU	8	8	-
Nestle	27	27	-
Nvidia	17	16	1
Otis	12	12	-
Permod Ricard	14	14	-
Pushpay	5	5	-
Raytheon Technologies	16	16	-
Roche	25	25	-
Salesforce	19	18	1
Schlumberger	14	14	-
Siemens Healthineers	21	20	1
Sika	20	20	-
Thermofisher	14	14	-
Visa	12	12	-
Zoetis	8	8	-
<b>Grand Total</b>	<b>639</b>	<b>603</b>	<b>36</b>

In 2022, we voted on a total of 639 resolutions at the AGMs of 38 companies (vs 36 AGMs in 2021 and 22 AGMs in 2020). We voted against the companies' Board of Directors recommendation on 36 instances (vs 19 in 2021 and 7 in 2020), in line with our voting principles.

### Our Commitment to Better Corporate Practices

In 2022, we broadened our priority topic areas pushing for better governance practices through the:

- Separation of the Chair and CEO roles,
- Equal voting rights for all shareholders,
- Lobbying activity disclosures,
- ESG linked compensation.

Diversity Equity and Inclusion (DE&I) remained a key focus area. We believe that equal representation and the ability to leverage talent are key success factors for any business. During the year we pushed for more transparent disclosure of DE&I practices, whilst broadening the scope of our focus, voting in favour of resolutions that supported stronger policies on a wide range of human rights issues.

The number of social and environmental resolutions presented at AGMs increased from 23 in 2021 to 42 in 2022, an increase of 82%. In 2022, we choose to vote against the board's recommendation in 27 of the 42 (64%) social and environmental resolutions presented. We voted for both disclosure-based and action-based resolutions, as we believe both have a role to play in achieving better outcomes. Some examples of voting in individual cases are listed below:

Consistent with our 2021 voting decision, we chose again in 2022, to vote in favour of a shareholder proposal requesting the separation of the roles of Chairman and CEO at **Meta**. Whilst we support Mark Zuckerberg's long-term vision for the company, we believe that there is scope for enhanced governance and independent oversight of Meta's strategy and capital allocation decisions. This resolution received 17% support, in favour of an independent board chair.

In the case of **Meta**, **Alphabet**, and **Block**, we chose to vote in favour of shareholder proposals to eliminate dual share class structures. The aim of these resolutions is to promote equal shareholder voting rights and protect minority interests. We note these resolutions received 28% support at Meta and 33% support at Alphabet.

We supported resolutions at **Amazon** and **Alphabet** requesting that they conduct DE&I audits, reflecting the fact both companies have historically been subject to controversies in this area. Notably the resolutions received 40% and 22% support respectively.

In terms of disclosure-based resolutions, at the AGMs of **Honeywell** and **Alphabet** we supported resolutions requesting enhanced reporting on lobbying activity related to climate change. The resolutions received 39% and 19% support respectively, highlighting investors demand for greater disclosure on how companies' lobbying activities align with the Paris Agreement. Further, in the case of **Alphabet**, we voted in favour of a resolution requesting the periodic disclosure of the physical risks to the company's operations presented by climate change, which received 18% support.

Human rights was another key area of focus for us in 2022 and we supported numerous proposals requesting greater disclosure and transparency. At **Meta** we supported a resolution requesting a report assessing the risks of child exploitation online, which received 17% support, and at **Amazon** we supported a resolution requesting a report on warehouse working conditions, which received 44% support.

You would note that companies in the digital transformation space continued to be the subject of close shareholder scrutiny during 2022. In some cases, over 15 shareholder resolutions were filed at each AGM requesting additional information or enhanced practices on a breadth of environmental and social areas. This reflects the significance of these companies as large employers and their multi-faceted impact on broader society. Our support for a select number of these resolutions echoes these considerations and ultimately acts as an effective way of driving change and mitigating associated long term risks to our investments.

Our approach and principles with regard to proxy voting are detailed in our Stewardship and Engagement Policy document available on our website.