



Our voting approach

As discretionary investment managers, we are long-term stewards of the money our clients have entrusted to us. Reflective of our long-term thinking and client-centric focus, stewardship is an integral part of our investment process.

For us, effective stewardship means seeking the best outcome by taking an active interest in both the financial and non-financial aspects of our clients' investments. We keep the future in mind when we make decisions today, by looking beyond the short term. The responsibility of long-term stewards includes ensuring that company boards are independently scrutinising management and that they recognise and manage environmental and social risks.

In order to deliver on this, we have partnered with Institutional Shareholder Services (ISS), a leading proxy-voting service provider. Our relationship with ISS enables us to conduct systematic voting on all approved companies held in discretionary investment portfolios at LGT.

Where LGT invests in UK, US and European direct equities within client portfolios, we vote directly on shares. Where we use third party fund managers, we expect them to conduct stewardship activities including proxy-voting and active engagement. Engagement will usually look to share insights at industry or company level, and to aid development on a specific topic.

2021 voting overview

We voted on resolutions for 83 companies, at 90 different meetings and on over 1,000 proposals. The meetings we voted at were Annual General Meetings (AGMs) or Extraordinary General Meetings (EGMs), which occur when an urgent issue arises, and management decides to call a special or emergency meeting.

	Companies voted	Markets voted	Total number of meetings voted at	Total number of proposals voted
Americas	33	1	33	436
Europe	18	9	21	284
UK	32	1	36	321
Global total	83	11	90	1,041

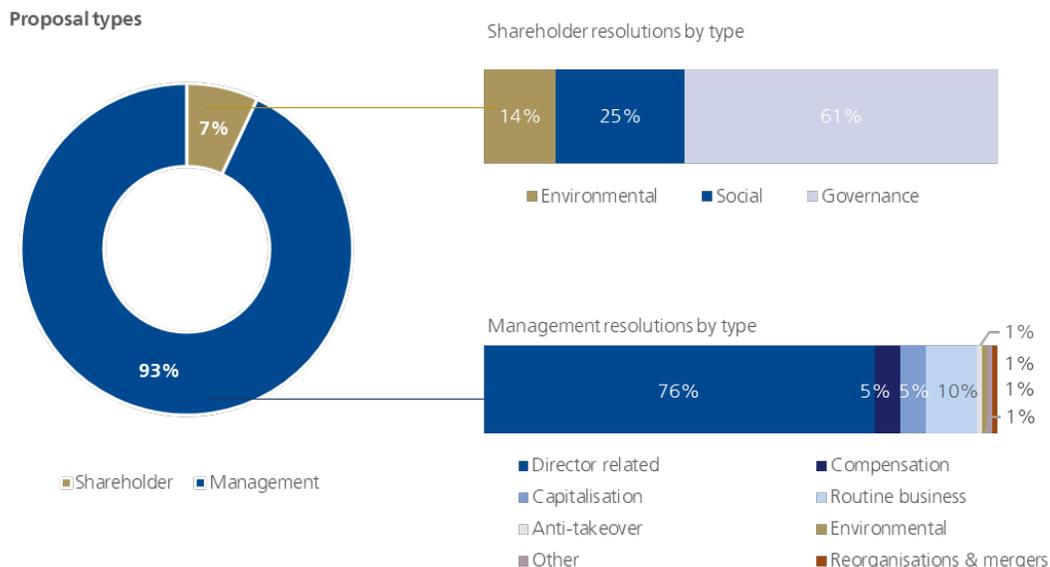
Source: LGT Wealth Management's voting data, Institutional Shareholder Services (ISS), accessed 20/12/2021

A proposal (or resolution) is a recommendation or requirement that a company or its board of directors should take a particular action on. They can be proposed by the company's management where management would like to garner broad support for an issue, or by a shareholder to improve the company's processes. Shareholder resolutions have been rising slowly over time due to shareholder activism, yet still form a much smaller portion of the resolutions raised at

company meetings. The regulatory environment in different jurisdictions can impact the ease and ability for shareholders to raise such proposals. In the US, shareholder activism is quite advanced – shareholders must only own more than \$2,000 in stock or 1% (whichever is lower) of a company to be able to submit a proposal. However, in the UK and certain European countries there are stricter laws around shareholder proposals, and proponents must own at least 5% of the company, making it significantly more difficult to file a resolution.

2021 voting proposal breakdown

The majority of proposals we saw in 2021 were brought about by management – a total of 968 (93%) – focusing on issues of compensation, board and corporate structure or capitalisation. Shareholder resolutions made up a smaller share, at 73 (7%) among our equity holdings in 2021.



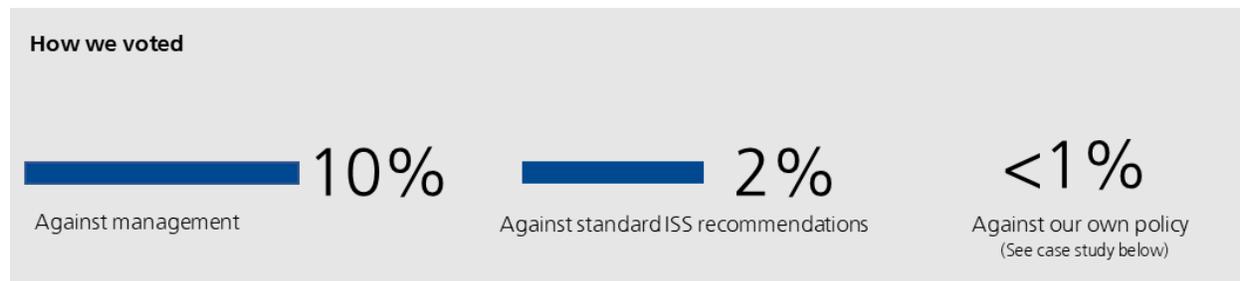
*Excludes data from the Investment Trusts as the holdings meant the data skewed heavily towards governance and director elections, so was removed for this graph.

Source: LGT Wealth Management’s voting data, Institutional Shareholder Services (ISS), accessed 20/12/2021

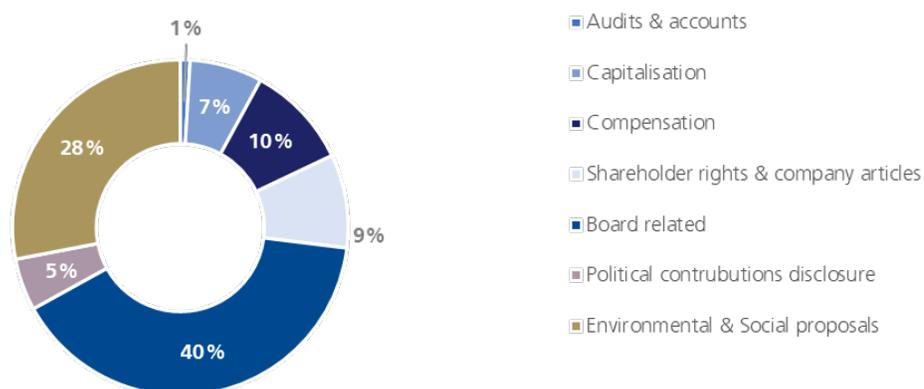
How we voted during 2021

LGT works with ISS to be able to cover voting activities across the eleven markets in which we invest directly. ISS proposes a set of policies, which investors can subscribe to, including sustainable or faith-based, upon which they base their voting recommendations. Whilst LGT has opted into ISS’ sustainable policy, we do not always vote in line with ISS’ recommendation if we disagree or see an unintended outcome. In total, we voted against company’s management 107 times throughout 2021.

All voting decisions are reviewed and approved by the individual dedicated asset class investment committees responsible for the underlying securities (UK Equity Committee, International Equity Committee and Investment Trust Committees).



Votes against management



Source: LGT Wealth Management's voting data, Institutional Shareholder Services (ISS), accessed 20/12/2021

The largest share of votes we supported against management's wishes were environmental and social proposals: plans on gender and ethnicity pay gap reporting, proposals on climate change transition plans and reporting, as well as on labour issues and discrimination.

Where we believe an issue is important, we will vote against management in favour of an outcome which will benefit shareholders and wider society. ExxonMobil's 2021 AGM was a significant win for climate change, when shareholders, including LGT, voted in independent directors who were nominated by hedge fund Engine No.1. An extensive list of the further shareholder resolutions is available in the appendix.

Another example is Amazon. In 2021, LGT voted against Amazon's management on issues of the combined CEO and Chair role held by Jeff Bezos, voting instead to split the roles. On 5th July, Jeff Bezos stood down as CEO, retaining his role as Chair, and handed the reins to Andy Jassy. We also voted in favour of gender and ethnicity reporting on pay and promotions, as well as for a review on packaging materials. This vote was also against ISS' standard recommendation to vote with management.

Case study: voting on gender representation

In 2021, one of our holdings Syncona, a FTSE 250 healthcare company, proposed the re-election of Melanie Gee as their Chairperson and Director. Melanie Gee joined the board in 2019 as a Non-Executive Director and brings over 30 years of financial advisory experience, understanding of governance requirements and enabling Syncona to deliver on stakeholder's expectations. Melanie Gee also serves as Chair of the Nomination & Governance Committee and the Remuneration Committee.

ISS' sustainability policy takes gender representation on boards seriously, and the policy will systematically recommend voting against the chair of a company's nominating committee if they do not have at least one woman on the board. In the UK, these expectations are even higher, and rightly so, for any constituents of the FTSE 350; ISS will recommend voting against the Chair of the nominating committee if the board does not comprise at least 33% representation of women. This recommendation is in line with the Hampton-Alexander Review, which was launched in 2016 by the UK government to ensure that talented women at the top of business are recognised, promoted and rewarded¹.

Whilst LGT places huge importance on diversity and inclusion and generally agrees with ISS' sentiment around increasing women's representation, the policy failed to take into account that, by voting against the re-election of Melanie Gee, the board's gender distribution would go from two women to one. This would effectively reduce the share of women involved in Syncona's decision-making and contradict its own principle. After research showed ISS' recommendation was based on a systematic policy, rather than on a lack of competency or poor conduct, LGT decided to override the decision and vote in favour of the re-election of Melanie Gee. The reappointment of Melanie Gee aligned with our second sustainable investment pillar supporting financial inclusion and education, by reducing inequalities and promoting the role of women on boards.

¹ [UK Government: Hampton-Alexander review: FTSE Women Leaders](#)

Appendix: comprehensive list of shareholder resolutions proposed in 2021

Company Name	Country	Proposal	Proposal Text	Instruction
Ecolab Inc.	USA	S0226	Amend Proxy Access Right	For
3M Company	USA	S0507	Consider Pay Disparity Between Executives and Other Employees.	Against
		S0352	Amend Certificate of Incorporation to Become a Public Benefit Corporation.	Against
The Home Depot, Inc.	USA	S0232	Amend Shareholder Written Consent Provisions	For
		S0807	Report on Political Contributions Congruency Analysis	For
		S0412	Report on Prison Labor in the Supply Chain	For
Alphabet Inc.	USA	S0316	Approve Recapitalization Plan for all Stock to Have One-vote per Share	For
		S0224	Require Independent Director Nominee with Human and/or Civil Rights Experience	For
		S0510	Assess Feasibility of Including Sustainability as a Performance Measure for Senior Executive Compensation	For
		S0999	Report on Takedown Requests	For
		S0999	Report on Risks Related to Anticompetitive Practices	For
		S0414	Report on Whistleblower Policies and Practices	For
		S0806	Report on Charitable Contributions	Against
		S0352	Amend Certificate of Incorporation to Become a Public Benefit Corporation	Against
Microsoft Corporation	USA	S0817	Report on Gender/Racial Pay Gap	For
		S0819	Report on Effectiveness of Workplace Sexual Harassment Policies	For
		S0999	Prohibit Sales of Facial Recognition Technology to All Government Entities	Against
		S0815	Report on Implementation of the Fair Chance Business Pledge	For
BP Plc	UK	S0809	Report on Lobbying Activities Alignment with Company Policies	For
Royal Dutch Shell Plc	UK	S0743	Approve Shareholder Resolution on Climate Change Targets	Against
		S0743	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	For
HSBC Holdings Plc	UK	S0511	Find an Equitable Solution to the Unfair, Discriminatory but Legal Practice of Enforcing Clawback on Members of the Post 1974 Midland Section Defined Benefit Scheme	Against
BHP Group Plc	UK	S0126	Amend Constitution of BHP Group Limited	Against
		S0742	Approve Climate-Related Lobbying	For
		S0742	Approve Capital Protection	For
Third Point Investors	UK	S0214	Remove Joshua Targoff as Director	For

Important information

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