REPORT

Stewardship.

Incorporating active ownership commitments under the UNPRI, UK and Japan Stewardship Codes
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Welcome to the 29th edition of Jupiter’s Stewardship report, covering the period 1 July to 31 December 2018. This report provides high-level details surrounding engagement issues, voting activity and stewardship work undertaken on behalf of our clients during the period. In keeping with our active management approach and our commitments as a signatory to the UNPRI, the UK and Japan Stewardship Codes, we publicly disclose our UK and Japan voting activity and provide bespoke voting and engagement reports to institutional clients in addition to this document.

POLICY ENGAGEMENTS

INTERNATIONAL CAPITAL MARKET ASSOCIATION’S (ICMA) – GREEN BOND PRINCIPLES CONSULTATION

We participated in the ICMA’s latest annual Green Bond Principles (GBP) consultation, which helps shape the agenda for the group in the coming year. We were encouraged to find the Consultation had a heavy focus on additionality, a topic area that we have been advocating for the industry to take more seriously. We encouraged the GBP to include additionality explicitly in the framework and to improve the GBP Objective statement in order to align members better and help protect investors from green washing. An account of the views we communicated via the consultation is detailed below.

For a market not much more than 10 years old, the scale of labelled green bond issuance demonstrates the growing appetite for the asset class. According to data from Credit Agricole, green bond issuance is now over 5% of total EUR supply, excluding government bonds. With high hopes that the green bond market can play a pivotal role in closing the wide financing gap to meet, for example, pressing climate change targets, this is welcome news. Within the EU alone, it is estimated that around €180 billion a year of additional investments in energy efficiency and renewable energy are needed to achieve its 2030 climate targets. But this race is far from over, and having engaged with and invested in the market since 2013 when the corporate green bond market first emerged, we argued in our response that the next stage of development in the market since 2013 when the corporate green bond market first emerged, we argued in our response that the next stage of development of issuer practices will prove pivotal if it is to fulfil its potential.

Quantity is one thing, quality another. As we have highlighted when engaging with market participants, if the purpose of green bonds is to grow allocations to environmentally-sustainable investments to help re-orientate the economy onto a sustainable pathway, it is destined to disappoint if market participants can’t match and demonstrate this ambition. Central to this is ‘additionality’, a question of whether the activities financed by a green bond would have happened anyway, and whether these bonds are meaningfully contributing towards tackling issues such as climate change.

These notions might sound obvious to many, but the conversation about additionality is only beginning to be heard amongst the key market makers. While we welcomed the focus on additionality in the recent GBP consultation, it is striking that amongst its members — those who have issued, underwritten or invested in a green bond — over three quarters believe that green bonds are providing additional capital. Amongst the GBP’s wider ‘observers’, however, this number drops to just over half of respondents. Given those outside the direct industry are therefore twice as likely to think that additionality needs to be addressed, we think this highlights a worrying credibility gap at a moment when the long-term future purpose of the market is in the spotlight.

Cognisant of these issues, the Technical Expert Group (TEG) appointed to help deliver the EU’s Sustainable Finance Action Plan (including an EU-wide green bond standard later in 2019), stated at its launch that “additionality and incentives for issuing green bonds will be subject to further evaluation.” The two issues — additionality and incentives — are closely linked, in our view. The prospect for incentives for green bond issuance to be misaligned with wider sustainability goals is great without first limiting the possibility of ‘greenwashing’ — one area the action plan aims to tackle squarely.

Looking ahead to the next wave of issuance, we think addressing these issues can’t come soon enough. Take for example the telecoms sector, where Telefonica and Verizon have both recently issued green bonds whose proceeds are helping to finance the conversion of telecoms infrastructure from copper to fibre and to upgrade the network to 5G. Although in both cases the bonds are aligned to the Green Bond Principles, we fear that both did little to close the financing gap that the EU is hoping to overcome. It is highly likely that the estimated €137 billion needed to bring fibre broadband networks to EU households will be fully financed regardless of sustainable financing initiatives such as the green bond market. Moreover, this figure represents around three-quarters of the annual financing gap of new capital needed for renewable energy and energy efficiency projects if there is to be a realistic chance of hitting the EU’s 2030 climate goals. Fibre broadband will certainly play a role in the ecosystem of solutions needed to meet this goal: for example, connecting smart devices that can enable energy efficiency. However, given the fresh concerns around additionality, in our view there is a growing expectation that investors should consider the relative impact of projects like this against those which will potentially play a more significant role in helping to achieve long-term climate goals. Investing in green bonds for potentially business as usual projects comes at an opportunity cost of unfunded projects.
POLICY ENGAGEMENTS CONTINUED...

Our engagements with green bond issuers (a selection of which are presented on page 8 of this report) across industries and geographies has encouraged us that the issue of additionality is no longer just treated as a nice-to-have concept, and the EU Sustainable Finance Action Plan is helping to bring it in from the periphery. With market participants hopeful that green bonds can be recognised for their potentially pivotal role in helping deliver solutions for pressing global sustainable development challenges, the main challenge will be for the market to address the impression that additionality is in some way an impediment to further growth. In our view, given the scale of the annual financial gap, additionality – if it can be demonstrated – will instead be a key driver for growth in the market for green bonds.

INVESTOR FORUM

The CIO and Head of Governance and Sustainability engaged with the executive director and senior adviser of the Investor Forum to discuss general perspectives around ESG integration, collaborative engagement and articulation around stewardship matters. This dialogue was conducted with our CIO and Head of Governance & Sustainability and this was part of an internal review around stewardship. We sought to engage with our partners to obtain external perceptions and feedback on our approach. The aim was to consider how we can improve communication on these matters and continue to play to our strengths.

EU SUSTAINABLE FINANCE PLAN – INVESTMENT ASSOCIATION AND EFAMA

Jupiter’s Head of Strategy, Environment and Sustainability, participated in both the Investment Association (the IA) and the European Fund and Asset Management Association (EFAMA)’s working groups relating to the ‘taxonomy’ element of the EU’s Sustainable Finance Action Plan. As one element of the Plan, which seeks to reorient capital flows towards sustainable investment, the European Commission set up a technical expert group (TEG) to assist it in the development of a unified classification system for sustainable economic activities, methodologies for low-carbon indices and on an EU green bond standard. Both the IA and EFAMA have submitted their initial responses to the consultation process. Both bodies seek a broad, pragmatic EU taxonomy that supports capital flows towards sustainable investment while not not disadvantaging investment approaches that seek to incorporate wider ESG factors.

TOMORROW’S COMPANY

Tomorrow’s Company (TC) is an independent, non-profit think tank that seeks to enable business to be a force for good in society and we engaged with the CEO and Director of Research. This dialogue was conducted by our CIO, Head of Governance and Vice Chairman and was also part of the wider internal review into stewardship matters. We have had previous interactions with TC by attending their investor events and roundtables concerning stewardship. We were particularly encouraged by the way TC approach these issues by connecting companies, asset managers and owners within the dialogue and research streams. We proactively approached TC to discuss our review and made enquires about future projects to see if there was any alignment or potential for collaborative work. Discussions are ongoing and we have looked at subjects such as trust and transparency in business.

We have subsequently attended a TC roundtable discussing the issue Trust, Truth and Transparency within business. As well as corporates and asset managers and owners, this also included civil society and church groups. There is a plan to conduct a research project around transparency in business and whether more information leads to greater trust.

FINANCIAL REPORTING COUNCIL (FRC) AND THE PURPOSEFUL COMPANY

The Purposeful Company and the FRC hosted asset managers, asset owners and corporate representatives as part of the pre-consultation phase of the forthcoming UK Stewardship Code. The Head of Governance attended on behalf of Jupiter. The Purposeful Company is a consortium of FTSE companies, investment houses, business schools, business consultancy firms and policy makers. It is examining how the governance and capital markets environment in the UK can be enhanced to support the development of value generating companies, acting with purpose to the long-term benefit of all stakeholders. The meeting covered an array of issues but there was a distinct focus on the definition of stewardship, inclusion of different asset classes and questions about how the FRC plan to monitor adherence and performance of signatories.

TOKYO STOCK EXCHANGE

Jupiter’s equity team and Head of Governance and Sustainability met with representatives of the Exchange in the latest of a series of engagements with regulatory and policy bodies in Japan as we attempt to stay abreast of reforms and engagement practicalities in a market undergoing rapid change. This was our first meeting with TSE since Jupiter became a signatory to Japan’s Stewardship Code. We continued to encourage the Exchange to enact meaningful listing rule changes to push listed companies to adopt higher standards of corporate governance. The discussion also helped us inform our stewardship approach by further distinguishing between areas of company behaviour where ‘soft law’ (such as listing rules and the revised Corporate Governance Code) can drive the adoption of international best practice, and areas where new legislation would be required to foster further improvements.
REPORTING ENGAGEMENT OUTCOMES

Our industry faces a call for further transparency around stewardship activity and a particular area of focus is engagement outcome reporting. Reporting on engagement outcomes is complex as the realisation of an engagement can be hard to measure or attribute. Furthermore, governance outcomes are often a long-term consideration and change may be the result of months if not years of confidential dialogue. We have disclosed two named case studies below which demonstrate discernible outcomes directly linked to our engagement activity. On the following page, we detail four anonymised engagements which touch on a range of issues and either remain ongoing or yielded outcomes either by informing our investment approach or by improved standards of corporate governance.

We have included engagement outcomes that have occurred during the period under review but the dialogue may have been spread over multiple periods.

**SHIRE PLC**

<table>
<thead>
<tr>
<th>Issue:</th>
<th>Declining confidence in management as effective stewards.</th>
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<tbody>
<tr>
<td>Outcome:</td>
<td>Participated in a collective engagement undertaken by the Investor Forum, following which the company was acquired by Takeda.</td>
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</table>

We were long-term shareholders in the pharmaceutical group but had grown frustrated with its performance. Our principal concern was the widening gap between the perceived intrinsic value of the franchise and the market price, which we believed reflected the management team’s poor track record with regards to capital allocation and M&A. The group’s acquisition of Baxalta in 2016 was poorly received by the market and the shares subsequently underperformed.

Our objective was to seek to influence the Board to consider a wide range of steps to reduce the discount to intrinsic value. We contacted the Investor Forum (‘the IF’) in March 2018 following news of a possible offer from Takeda Pharmaceutical Co Ltd. The IF was created in 2014 to facilitate dialogue between UK institutional investors and investee companies. Jupiter has been a member since its inception and our Vice Chairman sits on the board of the IF. We subsequently joined an IF collaboration regarding Shire. Although an official approach by Takeda had not been received at the time of our engagement, we wanted to proactively contact the IF on this issue as we believed a collective voice could potentially resonate with other shareholders given longstanding concerns over management and shareholder value. The objectives of the engagement were to evaluate the effectiveness of the Board and clarify the capital allocation and risk framework. We thought it wholly appropriate given management performance that the Board receive a collective message outlining declining shareholder confidence in the current Board and management as effective stewards. The IF subsequently wrote to the Board on behalf of shareholders laying out expectations that they explore and set out the strategic options to recover and enhance long-term franchise value.

In July, as discussions between the two companies continued, we participated in a second joint communication to the Board which emphasised the importance of effective business execution and investor communication during the extended timeframe relating to the takeover offer from Takeda. The letter expressed the view that increased shareholder confidence in the business prospects and management of the franchise would help the Board to navigate this period effectively, whatever the ultimate outcome. Takeda’s bid was ultimately accepted by the Board of Shire, at a price which went some way towards restoring shareholder value. We were satisfied with this outcome. Although we held a relatively small position, engaging via the IF meant we were able to communicate our shared concerns to the Board more powerfully than if we had acted alone.
The mining industry’s safety track record has been a topic of increasing stewardship focus by investors in recent years. We routinely consider board oversight of the health and safety of employees and other stakeholders when monitoring all our holdings. We also generally support the incorporation of safety considerations into executive pay, as we believe that appropriate incentive structures can exert a positive influence on corporate culture and lead to improved outcomes. The proper design of these structures is crucial to their effectiveness, so we pay close attention to the remuneration report to ensure that the policies are appropriately implemented.

In 2018 we engaged with Anglo American’s Remuneration Committee Chairman on this issue. Fatalities had occurred persistently at the group’s operations for several years. We supported management at AGM, but wrote to the Committee requesting that they review how safety outcomes were incorporated in the annual bonus. Although a range of safety metrics were included in the annual bonus scorecard, the maximum deduction for fatalities was capped at a low level and balanced against other, less important, safety metrics. Moreover, we noted that in practice, the downward adjustments applied to overall compensation for adverse safety outcomes in the past two years represented a small proportion of total pay, despite the Committee applying the maximum sanction available under the scheme. We communicated our view to the Chairman that in order to be effective, safety measures applied in the policy should be both meaningful and comprehensive and pay outcomes should reflect the gravity of any breaches in the safety environment, particularly fatalities. The Chairman acknowledged the issue, which had also been raised by other shareholders. He informed us that the policy would be revised.

The 2018 annual report detailed the measures taken by the company to address the issue. The Board reiterated its priority to achieve zero fatalities and the Remuneration Committee modified the annual bonus framework such that the potential deduction applicable for adverse safety outcomes, including fatalities, is now unlimited. Each business unit is now assessed against its best annual safety performance in terms of recorded incidents, with this figure to be reduced each year. We consider the updated policy an improvement that sends an appropriate message across the business that management will be held accountable for meeting its target of eliminating fatalities at its operations. Fatalities have been on a downward trend lately, however several further incidents were disclosed last year. We will continue to monitor the implementation of the remuneration policy in future in the context of the company’s progress towards its target of zero fatalities.
### FTSE 350 CONSTITUENT

<table>
<thead>
<tr>
<th>Engagement duration:</th>
<th>Eighteen months.</th>
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<tbody>
<tr>
<td>Issue:</td>
<td>Company performance / Board effectiveness.</td>
</tr>
<tr>
<td>Objectives:</td>
<td>We felt the Board had not demonstrated sufficient leadership in a period of disappointing operational and financial performance. We felt that accelerated succession planning at Board level should be considered as a means to resolve these issues.</td>
</tr>
<tr>
<td>Scope and Process:</td>
<td>We had repeatedly engaged with management regarding the strategic hurdles facing the company. We subsequently escalated the engagement and raised the succession question directly with the Chairman as we felt a change in leadership had become essential to improving the company’s situation. We subsequently met with another director who we hoped would bring an independent viewpoint to the dialogue.</td>
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<tr>
<td>Outcomes:</td>
<td>To date the succession issue has not been resolved. We remain invested and the engagement is ongoing.</td>
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### FTSE 350 CONSTITUENT

<table>
<thead>
<tr>
<th>Engagement duration:</th>
<th>Two years.</th>
</tr>
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<tbody>
<tr>
<td>Issue:</td>
<td>Company performance / Board effectiveness.</td>
</tr>
<tr>
<td>Objectives:</td>
<td>The purpose of the dialogue has been to pursue remuneration outcomes that are more closely aligned with shareholders and to scrutinise the Board’s decision making in matters relating to director appointments and strategy.</td>
</tr>
<tr>
<td>Scope and Process:</td>
<td>A longstanding engagement encompassing a wide range of issues including strategy, remuneration and director effectiveness. We initially engaged with the Remuneration Committee Chairman as we had concerns with the Board’s approach to remuneration outcomes. We reiterated these views again during a consultation on the group’s remuneration policy. We also communicated our misgivings over the suitability of a director based on their track record as an executive and engaged with the Chairman during a subsequent M&amp;A situation, which in our view was handled poorly by the Board.</td>
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<tr>
<td>Outcomes:</td>
<td>Given the Board’s unsatisfactory conduct in relation to the aforementioned engagement topics, we subsequently voted against the election of several Board members and the remuneration policy. We remain invested. The new director subsequently stood down from the Board.</td>
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<td><strong>MSCI EMERGING MARKETS INDEX CONSTITUENT</strong></td>
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<tr>
<td><strong>Engagement duration</strong>:</td>
<td>Eighteen months.</td>
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<tr>
<td><strong>Issue</strong>:</td>
<td>Shareholder rights.</td>
</tr>
<tr>
<td><strong>Objectives</strong>:</td>
<td>We sought to influence the company to comply with a routine aspect of governance best practice to which the group did not adhere, unusually for a listed company.</td>
</tr>
<tr>
<td><strong>Scope and Process</strong>:</td>
<td>We were originally alerted to the issue by another UK shareholder in the company. We engaged repeatedly with the company, first via calls with investor relations and then in writing to the Chairman. A face-to-face meeting with the Chairman was subsequently arranged at which we again raised our concerns. We were told the matter would be discussed at a subsequent Board meeting.</td>
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<tr>
<td><strong>Outcomes</strong>:</td>
<td>Despite the Chairman acknowledging the points we raised, the company subsequently declined to alter its stance on the matter, without what we considered to be a defensible rationale. We subsequently exited our position as we felt that the Board’s unwillingness to respond to our concerns on a non-contentious governance matter made our shareholding untenable.</td>
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<tr>
<th><strong>FTSE 350 CONSTITUENT</strong></th>
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<tbody>
<tr>
<td><strong>Engagement duration</strong>:</td>
<td>Twelve months.</td>
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<tr>
<td><strong>Issue</strong>:</td>
<td>Company performance / Stakeholder issues.</td>
</tr>
<tr>
<td><strong>Objectives</strong>:</td>
<td>The purpose of the dialogue has been to explore the Board’s oversight of strategy, remuneration and management performance upon becoming invested in the company.</td>
</tr>
<tr>
<td><strong>Scope and Process</strong>:</td>
<td>We respect the Board’s leadership but have reservations over the performance of an executive team member. We also had concerns over the appropriateness of certain metrics applied to variable remuneration. These initially became evident during a remuneration consultation. We subsequently engaged with the Chairman and raised both issues, we escalated the engagement by approaching another NED whose background indicated he might understand our perspective.</td>
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<tr>
<td><strong>Outcomes</strong>:</td>
<td>The Board are aware of shareholder concerns regarding executive performance and we continue to engage with regards to remuneration metrics.</td>
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We are engaged supporters of the FSB TCFD, which aims to promote a more informed understanding of climate-related risks and opportunities by investors and others. We support the TCFD through our operational activities, engagement with investee companies and work with partner organisations. We are continuing to develop our analysis and response to climate-related risks and opportunities.

We engage with companies on behalf of all our investors and believe a change in company behaviour can be leveraged by pressure from active investors. We monitor climate change risks and opportunities in our funds’ investments by hosting or attending meetings with management teams and non-executive directors to question and challenge companies about the issues we think may affect their long-term value.

The ability of companies to manage social and environmental issues can influence the long-term strength of their business models and can be a key determinant of returns. Jupiter considers how companies respond to changing environmental and social conditions and the demands of their employees, clients, communities and the other stakeholders who are the key drivers of their long-term financial success.

**TCFD ENGAGEMENTS – LISTED EQUITY**

**Royal Dutch Shell plc**

We continued our dialogue with the Board of Shell on energy transition during the period under review. In 2017 Shell was the first international oil and gas company to introduce an ambition to reduce the Net Carbon Footprint of the energy products it sells, by 50% by 2050, a level which it believes is compatible with the 2 degree scenario outlined by the Paris Agreement on climate change. In December 2017, following engagement with shareholders including the Institutional Investors Group on Climate Change (IIGCC), Shell announced further steps to align its business with the goals of the Paris Agreement. These included setting specific carbon reduction targets for shorter-term periods from 2020 onwards and integrating these within the executive LTIP. The Remuneration Committee Chairman consulted shareholders over its plans to include Shell’s net carbon footprint as an LTIP metric within a new Remuneration Policy, which will be subject to a shareholder vote at the 2020 AGM. We made clear our support for the initiative and our expectation that the company should publicly disclose the rationale for its choices regarding the metrics used, the proportion of award linked to energy transition and why it considers the targets to be sufficiently stretching and proportionate.

We subsequently attended a group meeting with the Chairman, the central topic of which was the Board’s commitment to set long-term targets to reduce emissions with short-term targets to operationalize this ambition and integrate these in long-term management compensation. We also discussed the company’s announcement that it will review its lobbying activities to ensure that these are consistent with its energy transition commitments and how this will be communicated to shareholders. Board oversight of capital allocation in the context of energy transition was also discussed along with board composition and future pathways and challenges to investment in renewable energy projects. We indicated our support for Shell’s strategy and further developed our approach to collective engagement on climate issues. Following these engagements, Jupiter became a member of the IIGCC in February 2019.

**Standard Chartered plc**

At its 2018 AGM the bank announced that it would engage with stakeholders as part of a review of the conditions under which it would finance sectors with a high potential environmental or social impact, including its policy on financing new coal power plants. We sought to inform our view on the bank’s involvement in energy finance prior to engaging with the Board. We engaged with ShareAction, a shareholder advocacy group which has engaged with UK banks on this issue for several years. The aim of the engagement was to understand environmental concerns about the bank’s involvement with coal energy projects, the status of the group’s dialogue with Standard Chartered and the wider debate across the European banking sector with regards to coal, in order to inform our dialogue ahead of the bank’s stewardship and strategy shareholder forum.

The forum was hosted by the Chairman and Committee Chairmen and facilitated a broad discussion of governance, ESG and strategic matters at the bank. As well as taking questions on matters including executive remuneration, group risk appetite and corporate culture, the Board’s approach to developing its new coal finance policy was also discussed. We took the opportunity to raise the issue of materiality of the bank’s climate reporting framework, noting the difficulty for shareholders of understanding the materiality of financing energy projects to the bank without further disclosure around the proportion of total lending these projects represent. We also discussed the group’s stated ambition to commit US$4 billion to clean technology by 2020, including the definitions applied to this target and the level of ambition built into them relative to other financial institutions. Following the event, the bank announced that it would cease financing of new coal-fired power plants anywhere in the world, save where there is an existing commitment.

South32 Ltd
We engaged with the Remuneration Committee Chairman ahead of the mining company’s AGM. The Chair provided an overview of the remuneration report and the succession process for the Chairman, who has announced that he will step down before next year’s AGM. The call also provided an opportunity to discuss topics including the remuneration committee’s approach to incorporating ESG factors into executive pay outcomes, the company’s diversity policy and the planned divestment of South African coal assets, which the group did not consider an appropriate asset within their portfolio. The company’s short term greenhouse gas reduction targets will be rebased to take account of the disposal. As a result, the company will have to reduce emissions at its continuing operations in order to meet the target.

Amundi
A series of meetings with the CEO, CFO and Investor Relations to discuss strategy, outlook and the approach to sustainable investment. Given its scale and position as one of the world’s ten largest asset managers with €1.3 trillion of assets under management, its approach to measuring and reporting climate risk was discussed in detail. The company described its progress and challenges in providing a carbon footprint for the third of its total investment portfolio footprinted so far. As a key part of managing the long-term climate risk embedded with its investments, the company has also introduced a coal divestment policy, excluding companies with more than 30% of coal mining revenue. Additionally, the company currently has over 10% of assets in environmental or social funds. Overall, we gained increased awareness and comfort in long term business model strengths, including its diverse product offerings, captive bank distribution channel and awareness of climate risks within its portfolios.

Partners Group
A series of meetings with Investor Relations and the Responsible Investment Team to understand the company’s approach to incorporating responsible investment to private market investing. The company described in detail the time and staff intensive process for identifying global mid-cap opportunities. The company has much more extensive influence over its investments, compared to investors who hold public shares, and a long average holding period of 7–14 years. Company management discussed the important role of ESG integration in the private equity investment process and gave examples of infrastructure investments avoided due to the potential for future climate risk. The company has launched a fund which contributes to the UN Sustainable Development Goals. The meeting gave a detailed view of the leading integration approach the company has adopted.

Repsol SA
A group roadshow event at which representatives including the CEO and other senior management members outlined the group’s new sustainability strategy. The company explained its approach to the energy transition and a long-term strategy which it claims is consistent with the goals set out under the Paris Agreement. The presentation focused on how this transformation is governed by the board and is being implemented via training, updated corporate principles and group-wide remuneration targets. The event also covered the company’s approach to ensuring best in class health and safety outcomes, including a case study of its gas exploration project in Algeria which has recently come onstream.

New South Wales Treasury Corporation
We met with the Senior Manager of Funding for the New South Wales Government to discuss the Australian State’s environmental strategy and upcoming green bond. We expressed our concerns at the extent of emissions in the state versus other areas of Australia and the incumbent state government’s step back from its funding of the Climate Fund. However, it seems apparent to us that the process of setting up a green bond framework has established processes and cross departmental undertakings which will last beyond political terms. The state government planned to include a new Sydney metro line, a Newcastle light rail project and a water recycling plant in the green bond. While we expressed our concerns at the usage of historical tagging in the green bond, we were encouraged by the team’s ability to demonstrate committed future green projects within the state budget. The team are going to work on improving their impact reporting and we would also like to see a more rigorous plan to how they will achieve their long-term climate goals. The engagement informed our investment process and we subsequently invested in the bond.

Olam
We met with the treasury team to learn more about their approach to social and environmental sustainability. The team described how the business works with agricultural communities throughout the developing world and their view that its services act as an enabler for a number of social development goals. We questioned why it was not clear that sustainability goals were included in the overall corporate Strategic Plan. We encouraged them to focus on expenditure on sustainable land use management if they were to look to the green bond market as a source of financing. Based on the issues raised we decided not to invest in the issuer’s bonds.

Telefonica
We met the Deputy CFO and ESG Investor Director to discuss the company’s new UN Sustainable Development Goals framework and how this could fit into a green bond financing plan. The company outlined their view on how connectivity can improve social and environmental outcomes through increased access to information and productivity enhancements. We expressed our concerns at the inclusion of network upgrades in their green bond framework, which we view as business as usual. We subsequently chose not to invest in the bonds.

Schipol
Meeting with management to discuss the airport’s sustainability strategy and provide feedback on its green bond framework. The conversation covered the company’s recently announced ‘Action Plan’ to reduce emissions by 35% by 2030 and how this aligns with the broader growth plans of the company. We expressed our concerns that the Action Plan was relative to a business as usual baseline and that actual emissions would continue to rise over time. These concerns informed our decision not to invest in the bonds.

China Construction Bank
We met with the Head of Treasury to discuss the bank’s plans for an upcoming Green Bond issue and how this relates to the firm’s overall environmental strategy. The company described its focus on green lending with an ambition to transform into a “green bank” over the medium to long term. They outlined a number of tangible measures that have been taken to shift the bank in that direction. The green bond was to form part of this transition, with renewable energy projects in Xinjiang and a large rail project in Hainan. We expressed our concerns at the extent of historical tagging of projects used in the green bond framework and ultimately chose not to invest in the bonds.
BEYOND LISTED EQUITY

FIXED INCOME ENGAGEMENTS

While bondholders rarely have recourse to ownership rights, such as voting rights, which are typically available to shareholders, in our view this does not entail a diminution of our stewardship responsibilities. Our expectations of company behaviour, the appropriate management of risk exposures and drivers of long-term performance are the same whether we are bondholders or shareholders. The fixed income team regularly engage with company management teams as part of their process, both prior to investment and once invested. Below are examples of stewardship engagements undertaken by our fixed income team during the period under review.

Boparan
A call with senior management to discuss, amongst other issues, the company’s health and quality improvements following a controversy in 2017 in which evidence of unhygienic practices had been widely reported in the media. We had previously called on the company to take strong action to ensure that these issues would not reoccur. We received confirmation from the company that £10m of extra cost had been incurred for the purpose of retraining staff and installing CCTV in factories. The company has recently created a new role, Head of Quality, and appointed an executive from a leading producer of convenience foods to the position. Since the current CEO succeeded the entrepreneur-founder of the business, he has set about changing the internal culture by implementing more controls and processes. Quality is underpinned by corporate culture and it is evident that a major culture shift is taking place. The Food Standards Agency now state that the company’s practices are best-in-class and that the fallout from the controversy has positively impacted the organisation. The company recently inaugurated a task force targeting the campylobacter bacteria, the most common cause of food poisoning in the UK, and how to control it. This represents a further example of how the company can demonstrate leading quality to retailers and customers. Following the engagement, we gained confidence that our investment thesis held and remained invested, while also noting the apparent improvement in the management of ESG risk factors by the company.

Puma Energy
A meeting with the Head of Corporate Finance to discuss the company’s governance, business strategy, balance sheet strength and relationship with shareholders and regulatory stakeholders. The engagement with the company was intended to help us better understand the main shareholders’ commitment and support for the business and the company’s ongoing discussions with local government and regulators regarding the resolution of key industry issues. The meeting with the management also helped to emphasize our expectation that the company utilize its cashflow to prioritize deleveraging its balance sheet.

Russia Ministry of Finance
A group meeting with the Deputy Finance Minister and the Director of Public Debt Department. The purpose of the meeting was to gain insight into the preparations taken by the Ministry to mitigate risks relating to future instances of financial sanctions being imposed and the debt issuance outlook for the sovereign.

Bombardier
We attended an investor day held by the Montreal-based company, one of the largest global manufacturers of trains, signal systems, business jets & commercial aircraft. We were impressed with the business strategy, the improving balance sheet and the attention to ESG-related matters, specifically aircraft like the CSeries, which are 20% more fuel efficient than competing products offered by Boeing or Airbus due to the use of lightweight materials and geared turbofan engines which are expected to be instrumental in lowering the company’s carbon footprint.

Codere
Meeting with management regarding potential regulatory and tax changes which may be introduced by local government. The discussion focused on the company’s dialogue with local government and how they are managing the process. We also discussed potential issues around how the group have mitigated previous regulatory issues, principally by reducing employee headcount, and how this approach could impact discussions going forward. We were reassured that management have been heavily involved in discussions with government stakeholders, have been proactive in formulating potential solutions and are taking the strictest and most conservative view with regards to regulatory compliance.

Genneia
A meeting with management as part of their new Emerging Market bond issue. The company is the number one renewable energy producer in Argentina. Amongst other issues, we discussed management’s plan to construct one new wind farm in Puerto Madryn, Argentina. Our dialogue also touched on the group’s financing needs for 2019 and 2020.

Sibanye
We held a phone call with the Head of Investor Relations to understand the circumstances surrounding a series of fatal accidents in its South African mines. Amongst other issues, we discussed the cause of the accidents, the company’s historical safety record (both in relation to peers and to its own internal targets) and its plans to mitigate these risks within its operations. Our dialogue also covered the group’s relationship with its employees and the South African government. We concluded that we should continue to hold our position in the company’s bonds because of its historical high operating standards and management’s carefully articulated plans to maintain operational safety.

Stonegate
A meeting with management as part of the marketing process for a new high yield bond issue. Amongst other issues, we discussed management remuneration structures, the group’s preparedness for various Brexit scenarios, their approach to employee retention (given the high proportion of the workforce on minimum wage or living wage and in the context of Brexit) and shifts in consumer behaviour, particularly amongst millennials who are widely reported to be drinking less alcohol and eating less meat. We were impressed by their approach and decided to participate in the offering.
FUND OF FUNDS ENGAGEMENTS

Below are examples of stewardship engagements undertaken by the Jupiter Independent Funds Team in 2018 with external managers who manage funds on behalf of our clients. The engagements formed part of the team’s routine manager meetings, one of whose purposes is to assess the robustness and consistency of the managers’ stewardship process, focusing on company engagement and proxy voting. A selection of anonymised engagement reports are presented below by theme in order to preserve manager confidentiality.

Environment/Disclosure

The manager engaged with a large US consumer company and voted on a resolution which required management to assess the environmental impact of non-recyclable packaging and provide greater additional information to shareholders, which they believe does not represent an excessive burden to management in terms of time or cost.

Sustainable Stewardship

The manager engaged with a midcap UK company’s management team before and after CEO succession, following a period poor performance and concern over the company’s products, to emphasise the importance of pursuing the longer term strategy and prioritising R&D.

Environment/Disclosure

Ongoing meetings with a global tech giant to review their implementation of an internal carbon fee, emissions reductions and charging, and policies on sourcing raw materials and disclosure.

Corporate Governance

Extensive engagement with a large listed corporation who agreed not to cancel their irredeemable preference shares, which subsequently recovered 14-24% of their value (having lost 30%), and compensate shareholders who sold following the original announcement. The engagement is still ongoing with the aim of influencing the company to change its Articles of Association to protect the irredeemable preference shares.
ENGAGEMENT OVERVIEW

STEWARDSHIP ENGAGEMENT MEETINGS
The information below illustrates the primary company contact for our stewardship focused engagement during the period.

Type

<table>
<thead>
<tr>
<th>Type</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairmen</td>
<td>49%</td>
</tr>
<tr>
<td>Remuneration</td>
<td>4%</td>
</tr>
<tr>
<td>Committee Chairmen</td>
<td>4%</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td>2%</td>
</tr>
<tr>
<td>Executive directors</td>
<td>1%</td>
</tr>
<tr>
<td>Senior management /</td>
<td></td>
</tr>
<tr>
<td>company specialist</td>
<td>44%</td>
</tr>
</tbody>
</table>

The information below illustrates a cross section of themes that were discussed at the engagement meetings during the period. These engagement categories incorporate dialogue on stakeholder and sustainability topics where relevant to company strategy and governance. Please refer to the ‘Engagement Overview’ section on the next page for specific examples.

Themes

<table>
<thead>
<tr>
<th>Themes</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director / Board</td>
<td>44%</td>
</tr>
<tr>
<td>Remuneration</td>
<td>17%</td>
</tr>
<tr>
<td>Regulation and political risk</td>
<td>1%</td>
</tr>
<tr>
<td>Mergers and acquisitions</td>
<td>1%</td>
</tr>
<tr>
<td>Strategy</td>
<td>12%</td>
</tr>
<tr>
<td>Sustainability</td>
<td>20%</td>
</tr>
</tbody>
</table>

Engagement Key

- **Strategy**: strategic goals, balance between short- and long-term growth, returns to shareholders, strategic execution, operations, industry and product development, stakeholder issues, corporate culture, sustainability, the marketplace and the economy
- **Regulation and political risk**: impact of regulation and political developments, internal controls and audit
- **Directors**: succession planning, board composition, director expertise, diversity, culture and leadership
- **Remuneration**: incentivising behaviour, pay structures, alignment with shareholders, returns to shareholders and staff
- **M&A**: transaction strategy and execution
- **Sustainability**: sustainability of the business model, appropriate balance of stakeholder interests (employees, shareholder, customer, society)

Voting Key

**Associated voting action**: Where the selected engagement has a direct voting outcome, this is explained below. The engagement may have been prompted by a previous voting action or a voting decision in response to the dialogue.

To give a flavour of our engagement, a selection of meetings with chairmen or non-executive directors and/or senior management we have met over the period is listed below. This dialogue was undertaken in addition to the 1,000+ company meetings Jupiter holds in a year, typically following the announcements of preliminary or interim results.
AstraZeneca PLC

- The company sought shareholder feedback after receiving a low vote in support of its remuneration report at the AGM in May 2018. We responded that in our case, the rationale for voting against was based on the use of performance targets in variable pay structures which were considered overly complex with the result that it was not possible for shareholders to determine whether there was sufficient alignment between pay and performance. Our communication was acknowledged and fed back to the Remuneration Committee.
  
  **Associated voting action:** Jupiter voted against the Remuneration Report.

BT Group PLC

- The company sought investor feedback after a high proportion of shareholders voted against the remuneration report at the AGM. We provided our rationale for voting against the report, which principally related to the award of bonuses to the CEO and CFO in a year when corporate performance and shareholder returns disappointed. The CEO departed soon afterwards, and a new corporate strategy was announced which entailed large job cuts across the business. Against this backdrop and mindful of potential stakeholder issues we felt that the awards were not merited on pay for performance grounds. We also voted against the Senior Independent Director who serves on the Remuneration Committee to reflect these concerns.
  
  **Associated voting action:** Jupiter voted against the Remuneration Report and the Senior Independent Director.

Capita PLC

- Attended a group event hosted by the Chairman, Senior Independent Director and Remuneration Committee Chairman at which the company updated shareholders on its ongoing restructuring following a series of profit warnings, management change and a rights issue earlier this year. The refreshed Board has overseen a root and branch reform of group governance and strategy, and aims to effect cultural change away from a focus on short-term financial targets towards a more customer-centric approach. A new executive committee has been recruited and more rigorous controls put in place to govern contract negotiations and improved delivery of existing services. Management information provided to the Board has been revamped and a new remuneration policy put in place in which customer service and employee engagement metrics are built into executive pay outcomes. The company plans to appoint at least one employee representative to the Board in the context of efforts to improve engagement across the workforce and enhance Board oversight of the wider stakeholder agenda.

China Maple Leaf Educational Systems LTD

- A call to discuss recent private education reforms in China. The draft regulations ban companies from acquiring non-profit private schools, although they can continue to build schools, and the new rule will not be applied retroactively. The company emphasised that only three schools have been acquired, with the rest funded by local governments and the company itself. Local government have the power to change and implement the law. We gained some comfort that while the government is trying to drive out operators with low standards and high fees, the company itself has very high standards, local government support and international recognition. We will continue to monitor regulatory developments carefully.

DP Eurasia NV

- A first meeting with the Chairman following the group’s IPO in 2017 provided an opportunity to gain insights into the its operations in Turkey and Russia. Areas discussed included the company’s growth strategy and competitive landscape, corporate culture, the role and ambitions of the controlling shareholder, risks posed by ongoing macroeconomic uncertainties in Turkey and executive remuneration.

Ecolab INC

- A meeting to discuss recent results and long-term strategy. The impact of raw material inflation due to economic strength has been considerable but has been managed by the company. The size of the company’s global market opportunity was also discussed, as cleanliness standards rise globally in the food and healthcare sectors. Its advantage rests on a series of factors including a very large service team of 265,000 employees who have strong client relationships and sector expertise. The key competitors are both smaller in scale and much more heavily indebted. The extensive cyber security precautions and board-level reporting undertaken on this issue were discussed.

H&R Block INC

- A pre-AGM call with the Chairman arranged by the company. The Chairman proactively engaged with shareholders in response to concerns raised by a proxy advisor with respect to the newly appointed CEO’s sign-on arrangements. The issue in question concerned the appropriateness of the size and vesting structure of the shares awarded to the CEO on appointment. In order to make an informed voting decision, it was important to understand the background details of the appointment and to place the remuneration package in context. Through the dialogue we understood further details surrounding the pathway and recruitment process and it is evident that the CEO has the specific and desired credentials to lead the company. In addition, although he was not employed at the time of joining the company, there were various circumstances from his previous employer that merited our support for the sign-on award.
  
  **Associated voting action:** Jupiter voted in favour for the new CEO’s compensation.
ENGAGEMENT OVERVIEW CONTINUED...

- **Haichang Ocean Park Holdings LTD**
  - A general update with the IR team where we again raised our concerns regarding the practice of wild animal capture for the company’s ocean parks. It became apparent that the Board’s view on this had altered and that rather than setting an explicit target date by which to end the practice, they now conveyed their aspiration to end wild capture over the long term. We challenged them on the reputational risks posed by continuing the practice and expressed our view that delaying implementing of the policy could be damaging to the business.

- **Hays PLC**
  - This meeting was an opportunity to strengthen our relationship with the new Chairman who joined the Board as a non-executive in July 2017 and was appointed Chairman in August 2018. The dialogue covered the Chairman’s own experience and corporate strategy including the company’s overseas operations, management and capital management considerations.

- **Hazama Ando Corp**
  - Communication to the Chairman expressing support for the Board and the wider governance reforms and stewardship focus in the market. We also conveyed our willingness to act as engaged shareholders and build relations with the Board and the independent directors, as well as existing dialogue with management. We also emphasised that boards should have flexibility in how a company structures its governance approach and commented on our areas of priority which includes shareholder advocacy and independence.

- **Itau Unibanco Holding SA**
  - A call with IR to discuss recent results and strategy focused on several areas in which the group’s governance structures promote the long-term sustainability of its business model. The bank’s remuneration practices operate a high degree of deferral, with vesting periods for equity compensation lasting up to eight years. Its corporate culture and family ownership influence were discussed in detail, including strict lending risk controls which have been maintained across many business cycles, enabling the institution to survive challenging economic conditions. Our dialogue increased our confidence in the cultural and operational strength of the company in the context of a difficult Brazilian economic outlook.

- **ITV PLC**
  - A meeting with the Chairman following the appointment of a new CEO in early 2018. The meeting was positioned after a suitable period to give the CEO time to settled into the role and undertake a strategic review. We covered the new CEO’s management approach and impact so far. The appointment of a new CFO had just been announced and was also discussed. The new CFO has previously worked with the CEO and discussions focused on the strengths of this forthcoming management combination. In terms of corporate culture we considered how the appointment resonated internally and whether there would be any misgivings about a new management team that had previous connections and whether this would disenfranchise other members. The Chairman stated it is his responsibility to monitor these aspects, but it is not a concern as the CEO is collaborative in her method. The dialogue also covered strategic priorities, the wider industry and information about a remuneration consultation.

- **Johnson Matthey PLC**
  - Our first engagement with the new Chairman who brings a leadership background in specialty chemicals having served as CEO and Executive Chairman of a leading European player in the sector. Our previous engagement with the former Chairman explored the Board’s oversight of corporate strategy and culture at a company facing rapid industry change in core markets such as diesel engine components and electric vehicle battery technologies. The engagement brought insights into the methods the Chairman is employing to bring this experience to bear on the Board’s decision making as well as his relationship with the CEO and CFO. The aim is to create a board dynamic which is informed and supportive but also fosters creative tension and a suitable degree of challenge to management. As well as a discussion of technological trends in key markets, the efforts of the Board to ensure that the views of employees are incorporated into board decision making were discussed. This includes both best-practice led developments such as the choice of a formal board structure to ensure employee voices are heard at board-level, but also internal initiatives such as employee surveys and the Chairman’s own impromptu site visits.

- **Kroton Educacional SA**
  - A call with IR was convened to discuss a proposed restricted share scheme for senior executives. We assessed the rationale and the alignment provided by the scheme, the company’s overall approach to remuneration and the other elements of fixed and variable pay. We requested details of the performance criteria applied to the CEO’s equity-based compensation ahead of a shareholder vote. Understanding how management are incentivised provides insights into corporate strategy and culture and we typically encourage companies to provide relevant disclosure to shareholders. We were supportive of the proposals but indicated our view that the Board should consider applying performance targets to future long-term equity awards.

**Associated voting action**: Jupiter voted in favour of the restricted stock plan.
Marks and Spencer Group PLC

A meeting with the new Remuneration Committee Chairman who joined the Board in 2015 and assumed the Committee position as part of routine Board succession planning. Our motivation for the dialogue was not centred on pay issues. As engaged shareholders we viewed the invitation as an opportunity to further develop our relationship with the Board. The director has had a distinguished career within the digital sector and wider experience of being a plc director. We regard this as a valuable combination, particularly as technological advances may serve as both threats and opportunities for companies. Therefore, our motivation was to be able to seek leadership perspectives from this domain. The conversation centred on how data could be better used to improve the customer proposition which will drive the business. However, the message is that a data-centric approach can only be successful when it is combined with top-level instore customer service.

Merlin Entertainments PLC

A meeting with the Chairman to discuss corporate performance, strategy, governance and health and safety. The dialogue focused on the performance of the UK and overseas businesses and matters concerning longer term Board succession. The meeting also covered the Board’s conversations around health and safety and in particular the fire safety review the company has undertaken in its UK hotels following the Grenfell Tower tragedy in 2017.

Playtech PLC

A meeting with the recently appointed Remuneration Committee Chairman provided an opportunity for further discussion of the company’s governance and strategic development. As a long-serving former CEO of a gaming company the Chairman brought a new perspective to matters including board composition, the senior management team and corporate culture. The company’s response to losing a pay vote at this year’s AGM was also discussed and we emphasized the need for better communication and improved executive alignment with shareholders as well as retaining and incentivising management.

Rockwell Automation INC

A call with the Chief Technology Officer to discuss technology trends and how the company integrates with other companies in the digital factory arena. The company has entered into a joint venture with software company PTC, and the meeting provided detailed insights into this relationship. The dialogue yielded greater knowledge of how the company is taking advantages of its huge applied sector experience to work with software companies and cloud vendors. Greater confidence was gained that the company can interoperate with a wide variety of software and control companies.

Safaricom PLC

We requested details of the performance criteria applied to the CEO’s equity-based compensation ahead of the company’s AGM. Understanding how management are incentivised provides insights into corporate strategy and culture and we typically encourage companies to provide relevant disclosure to shareholders. The company provided further information and stated it will consider including share scheme KPIs in its next annual report.

Associated voting action: Jupiter voted in favour.

Seplat Petroleum Development Company PLC

Our first engagement with the Chairman provided an opportunity to discuss how the Board oversees the company’s operations in the Niger Delta. Topics included oversight of group community relations strategy, anti-fraud and bribery measures, the incorporation of health and safety metrics in executive compensation and management succession.

Seven West Media LTD

A call with company was convened ahead of its AGM to discuss board composition and matters relating to executive remuneration. Board independence had been raised as a concern by a proxy advisor and the call explored the reasons the company considered two non-executive directors to be independent, in the context of wider considerations of board composition and effectiveness. On the basis of the discussion, we were comfortable supporting the nominees put forward for election as well as items relating to remuneration in the absence of significant concerns.

Associated voting action: Jupiter voted in favour of the board director.

Smiths Group PLC

A meeting with the Chairman to continue and develop our relationship with the Board. The dialogue concerned matters associated with general leadership and governance. There was considerable focus on the Chairman’s general view that innovation is the key driver to a company’s success. The Chairman is of the view the company needs to strengthen its innovative capabilities and build a strong pipeline of products which will drive shareholder returns. At the same time, the Chairman expressed a view that shareholders, management and boards need to share a long-term outlook.

Standard Chartered PLC

We participated in bank’s remuneration consultation in advance of its updated 2019 remuneration policy. Jupiter is both a shareholder and bondholder in the UK bank and the fixed income team were also consulted by the Governance & Sustainability team as part of the conversation. This was a preliminary discussion where we provided feedback on draft proposals submitted by the Remuneration Committee. A formal proposal will be provided once the views of the wider shareholder base have been considered.
Texas Instruments INC

- A call with the Head of IR was an opportunity to gain insight into the business and its level of resilience to cyber-attacks and other threats. The company discussed its ability to re-allocate production across its global operations in the case of an individual plant or even a country suffering a production issue, which occurred following the Fukushima earthquake that impacted 10% of production. In terms of its resilience to cyber threats the company has heavily compartmentalised data systems and operates a very strict policy to counter staff falling victim to phishing attacks. Overall we gained a greater appreciation of the high level of general business resilience, including robust cyber security policies.

Toray Industries INC

- We wrote to the company confirming our decision to support management at the AGM in light of the company’s proactive approach to shareholder dialogue and its decision to reduce the Board size in an effort to improve collective decision making. We noted these significant steps as well as our expectation that the company should continue to assess and improve governance standards and to engage with shareholders on a regular basis.

The views expressed in the engagement sections of this document are those of the Corporate Governance Research Team. The commentaries should not be interpreted as investment views or future voting guidance for these companies. Voting decisions are made on a conscientious basis with reference to Jupiter’s Corporate Governance and Voting Policy, and outcomes may be influenced by future events, disclosures, company developments and additional shareholder engagement.
VOTING SNAPSHOT

IN THE PERIOD 1 JULY – 31 DECEMBER 2018:

Number of shareholder meetings voted globally: 404
  UK: 108  Overseas: 296

Number of meetings where at least one resolution was voted against management: 71
  UK: 9  Overseas: 62

Number of resolutions voted globally: 3,604
  UK: 1,494  Overseas: 2,110

Number of resolutions voted against management: 154
  UK: 15  Overseas: 139

Global breakdown of votes against* management by region

- UK 10%
- Europe 15%
- North America 13%
- Asia Pacific ex. Japan 45%
- Japan 1%
- Emerging Markets 8%
- Rest of World 8%

Global breakdown of votes against* management by category

- Directors 51%
- Remuneration 23%
- Capital 6%
- Reorganisations & mergers 4%
- Routine business 11%
- Shareholder resolutions 5%

*Against includes abstain and withheld votes.

We have categorised our voting activity under the following themes. The categories are broad but as a general guide see below for details:

Category key

- Directors: Board and director effectiveness, succession planning, board and committee composition, independence and election.
- Remuneration: Executive pay policy and company strategy, new share schemes, retention awards and pay for performance.
- Capital: Share buybacks, capital raisings and share issuance mandates.
- Reorganisations & mergers: Merger and acquisition activity.
- Routine Business: Report and accounts, dividends, auditors and fixing remuneration, Articles of Association and investment policy.
- Shareholder resolution: Corporate governance best practice and regulation.

Breakdown of total votes by category

- Directors 42%
- Remuneration 11%
- Capital 15%
- Reorganisations & mergers 2%
- Routine business 29%
- Shareholder resolutions 1%
GEOGRAPHICAL VOTING BREAKDOWN

**MEETINGS – PERCENTAGE VOTED AGAINST***

**UK**
- 108 meetings voted
- For 92%
- Against 8%

**RESOLUTIONS – VOTES AGAINST* MANAGEMENT**
- Directors 53%
- Remuneration 40%
- Routine business 7%
- 15 votes against

**EUROPE**
- 52 meetings voted
- For 79%
- Against 21%
- Directors 52%
- Remuneration 22%
- Capital 4%
- Reorganisations & mergers 9%
- Routine business 4%
- Shareholder resolutions 9%
- 23 votes against

**NORTH AMERICA**
- 33 meetings voted
- For 73%
- Against 27%
- Directors 33%
- Remuneration 24%
- Reorganisations & mergers 5%
- Routine business 9%
- Shareholder resolutions 29%
- 21 votes against

Total management resolutions: 1,494
Total shareholder resolutions: 0

Total management resolutions: 347
Total shareholder resolutions: 3

Total management resolutions: 263
Total shareholder resolutions: 8

*Against includes abstain and withheld votes for at least one resolution.
MEETINGS – PERCENTAGE VOTED AGAINST*

ASIA PACIFIC EX JAPAN
- For 78%
- Against 22%
- 134 meetings voted

JAPAN
- For 86%
- Against 14%
- Reporting period fell outside the Japan AGM season hence the low number of meetings voted
- 7 meetings voted

EMERGING MARKETS
- For 46%
- Against 54%
- 13 meetings voted

REST OF WORLD
- For 93%
- Against 7%
- 57 meetings voted

RESOLUTIONS – VOTES AGAINST* MANAGEMENT

ASIA PACIFIC EX JAPAN
- Directors 54%
- Remuneration 26%
- Capital 6%
- Reorganisation & mergers 4%
- Routine business 10%
- 69 votes against
- Total management resolutions: 861
- Total shareholder resolutions: 3

JAPAN
- Remuneration 100%
- 1 vote against
- Total management resolutions: 76
- Total shareholder resolutions: 0

EMERGING MARKETS
- Directors 33%
- Capital 25%
- Routine business 42%
- 12 votes against
- Total management resolutions: 110
- Total shareholder resolutions: 0

REST OF WORLD
- Directors 85%
- Remuneration 8%
- Routine business 7%
- 13 votes against
- Total management resolutions: 435
- Total shareholder resolutions: 4

*Against includes abstain and withheld votes for at least one resolution.
## GLOBAL VOTING DISCLOSURE

### JUPITER’S GLOBAL VOTING

Jupiter discloses UK voting instructions on its website. In this report we’ve selected some of our global voting during the period. The votes below display some of Jupiter funds’ top weighted positions where there was a vote against management..

<table>
<thead>
<tr>
<th>Company</th>
<th>Meeting Type</th>
<th>Meeting Date</th>
<th>Country</th>
<th>Proposal</th>
<th>Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anant Raj Ltd</td>
<td>EGM</td>
<td>31/12/2018</td>
<td>India</td>
<td>■ Reelect Brajindar Mohan Singh as Director</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Reelect Maneesh Gupta as Director</td>
<td>Against</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Reelect Ambarish Chatterjee as Director</td>
<td>Against</td>
</tr>
<tr>
<td>Apollo Micro Systems Ltd</td>
<td>EGM</td>
<td>24/12/2018</td>
<td>India</td>
<td>■ Approve Apollo Employee Stock Option Scheme 2018</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Approve Trust Route for the Implementation of Apollo Employee Stock Option Scheme 2018 and Acquisition of Secondary Shares</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Approve Grant of Financial Assistance/Provision of Money by the Company to the Trust to Fund the Acquisition of its Equity Shares in Terms of the Apollo Employee Stock Option Scheme 2018</td>
<td>Against</td>
</tr>
<tr>
<td>Cox &amp; Kings (India) Ltd</td>
<td>AGM</td>
<td>27/09/2018</td>
<td>India</td>
<td>■ Reelect Mahalinga Narayanan as Director</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Reelect Subhash Chandra Bhargava as Director</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Reelect Pesi Patel as Director</td>
<td>Against</td>
</tr>
<tr>
<td>Edelweiss Financial</td>
<td>AGM</td>
<td>26/07/2018</td>
<td>India</td>
<td>■ Reelect P. N. Venkatachalam as Director</td>
<td>Against</td>
</tr>
<tr>
<td>Services Ltd</td>
<td></td>
<td></td>
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<tr>
<td>Elpro International Ltd</td>
<td>AGM</td>
<td>29/09/2018</td>
<td>India</td>
<td>■ Reelect Narayan T. Atal as Director</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Approve Related Party Transactions for Availing Inter Corporate Deposit</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Approve Related Party Transactions for Granting Inter Corporate Deposit</td>
<td>Against</td>
</tr>
<tr>
<td>Emami Ltd</td>
<td>AGM</td>
<td>01/08/2018</td>
<td>India</td>
<td>■ Approve Reappointment and Remuneration of Rama Bijapurkar as Independent Director</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Reelect Y.P. Trivedi, K.N. Memani, S.B. Ganguly and P.K. Khaitan as Independent Directors</td>
<td>Against</td>
</tr>
<tr>
<td>Eros International Plc</td>
<td>AGM</td>
<td>20/12/2018</td>
<td>Isle of Man</td>
<td>■ Elect Director Sunil Lulla</td>
<td>Against</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Elect Director Jyoti Deshpande</td>
<td>Against</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Amend Articles of Association</td>
<td>Against</td>
</tr>
<tr>
<td>EssilorLuxottica SA</td>
<td>AGM / EGM</td>
<td>29/11/2018</td>
<td>France</td>
<td>■ Approve Remuneration Policy of Executive Corporate Officers</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Authorize up to 2.5 Percent of Issued Capital for Use in Restricted Stock Plans</td>
<td>Against</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>■ Authorize up to 0.5 Percent of Issued Capital for Use in Stock Option Plans</td>
<td>Against</td>
</tr>
<tr>
<td>Firstgroup plc</td>
<td>AGM</td>
<td>17/07/2018</td>
<td>United Kingdom</td>
<td>■ Approve Remuneration Policy</td>
<td>Against</td>
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<td></td>
<td>■ Elect David Robbie as Director</td>
<td>Against</td>
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<td></td>
<td>■ Re-elect Wolfhart Hauser as Director</td>
<td>Against</td>
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<td></td>
<td>■ Approve Long Term Incentive Plan</td>
<td>Against</td>
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<tr>
<td>Company Name</td>
<td>Type</td>
<td>Date</td>
<td>Country</td>
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<tr>
<td>Godfrey Phillips India Ltd</td>
<td>AGM</td>
<td>25/09/2018</td>
<td>India</td>
<td>■ Approve Lalit Bhasin to Continue Office as Non-Executive and Independent Director</td>
<td>Against</td>
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<td></td>
<td>■ Approve Anup N. Kothari to Continue Office as Non-Executive and Independent Director</td>
<td>Against</td>
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<tr>
<td>Hellenic Telecommunications Organization SA</td>
<td>EGM</td>
<td>19/12/2018</td>
<td>Greece</td>
<td>■ Elect Director</td>
<td>Against</td>
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<td>■ Other Business</td>
<td>Against</td>
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<tr>
<td>Housing Development Finance Corp. Ltd</td>
<td>AGM</td>
<td>30/07/2018</td>
<td>India</td>
<td>■ Reelect B. S. Mehta as Independent Director</td>
<td>Against</td>
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<td></td>
<td>■ Reelect Bimal Jalan as Independent Director</td>
<td>Against</td>
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<td>■ Reelect J. J. Irani as Independent Director</td>
<td>Against</td>
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<tr>
<td>Indo Count Industries Ltd</td>
<td>AGM</td>
<td>11/09/2018</td>
<td>India</td>
<td>■ Elect Sushil Kumar Jiwarajka as Director</td>
<td>Against</td>
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<td></td>
<td>■ Approve Continuation of Pradyumna N. Shah as Independent Director</td>
<td>Against</td>
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<td></td>
<td>■ Approve Continuation of Anand Ramanna as Independent Director</td>
<td>Against</td>
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<td>■ Approve Continuation of Dilip J. Thakkar as Independent Director</td>
<td>Against</td>
</tr>
<tr>
<td>JBF Industries Ltd</td>
<td>AGM</td>
<td>03/08/2018</td>
<td>India</td>
<td>■ Accept Financial Statements and Statutory Reports</td>
<td>Against</td>
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<td>■ Reelect N K Shah as Director</td>
<td>Against</td>
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<td></td>
<td>■ Approve Pathak H D &amp; Associates, Chartered Accountants as Auditors and Authorize Board to Fix Their Remuneration</td>
<td>Against</td>
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<td>■ Elect Sangita V Chudiwala as Director</td>
<td>Against</td>
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<td>■ Elect Sharadchandra N Thakar as Director</td>
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<td>■ Elect Ravi A Dalmia as Director</td>
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<td>■ Approve Increase in Borrowing Powers</td>
<td>Against</td>
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<td>■ Approve Reappointment and Remuneration of N K Shah as Director-Commercial</td>
<td>Against</td>
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<td>■ Approve Waiver of Recovery of Excess Remuneration Paid to Bhagirath C Arya as Executive Chairman</td>
<td>Against</td>
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<td>■ Approve Remuneration of Cost Auditors</td>
<td>Against</td>
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<td></td>
<td>■ Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights</td>
<td>Against</td>
</tr>
<tr>
<td>JBF Industries Ltd</td>
<td>EGM</td>
<td>04/10/2018</td>
<td>India</td>
<td>■ Approve JBFIL - Employees Stock Option Plan 2018</td>
<td>Against</td>
</tr>
<tr>
<td>Milkfood Ltd</td>
<td>AGM</td>
<td>26/09/2018</td>
<td>India</td>
<td>■ Accept Financial Statements and Statutory Reports</td>
<td>Against</td>
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<td></td>
<td>■ Elect Harmesh Mohan Sood as Director</td>
<td>Against</td>
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<td>■ Elect Preeti Mathur as Director</td>
<td>Against</td>
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<td>■ Approve Remuneration of Cost Auditors</td>
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<td>■ Approve Reappointment and Remuneration of Roshini Sanah Jaiswal as Executive Director (Operations)</td>
<td>Against</td>
</tr>
<tr>
<td>Olectra Greentech Ltd</td>
<td>AGM</td>
<td>28/09/2018</td>
<td>India</td>
<td>■ Approve Gopalakrishna Muddussetty to Continue Office as Non-Executive Independent Director</td>
<td>Against</td>
</tr>
<tr>
<td>Oriental Bank of Commerce Ltd.</td>
<td>EGM</td>
<td>21/12/2018</td>
<td>India</td>
<td>■ Approve Issuance of New Equity Shares Under the Employee Stock Purchase Scheme</td>
<td>Against</td>
</tr>
<tr>
<td>Company Name</td>
<td>Meeting Type</td>
<td>Date</td>
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<td>Proposals</td>
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<tr>
<td>Pernod Ricard SA</td>
<td>AGM / EGM</td>
<td>21/11/2018</td>
<td>France</td>
<td>Reelect Martina Gonzalez-Gallarza as Director</td>
<td>Against</td>
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<td></td>
<td>Reelect Ian Gallienne as Director</td>
<td>Against</td>
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<td>Reelect Gilles Samyn as Director</td>
<td>Against</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Authorize Repurchase of Up to 10 Percent of Issued Share Capital</td>
<td>Against</td>
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<td></td>
<td></td>
<td>Amend Article 11 of Bylaws Re: Shareholding Disclosure Thresholds, Notification Limit</td>
<td>Against</td>
</tr>
<tr>
<td>SML Isuzu Ltd</td>
<td>AGM</td>
<td>09/08/2018</td>
<td>India</td>
<td>Reelect P.K. Nanda as Independent Director</td>
<td>Against</td>
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<td></td>
<td>Reelect A.K. Thakur as Independent Director</td>
<td>Against</td>
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<tr>
<td>Sun Pharmaceutical Industries Ltd</td>
<td>AGM</td>
<td>26/09/2018</td>
<td>India</td>
<td>Accept Standalone Financial Statements and Statutory Reports</td>
<td>Against</td>
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<td>Accept Consolidated Financial Statements and Statutory Reports</td>
<td>Against</td>
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<td></td>
<td>Elect Vivek Chaand Sehgal as Director</td>
<td>Against</td>
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<td></td>
<td></td>
<td>Approve Continuation of Directorship of Israel Makov</td>
<td>Against</td>
</tr>
<tr>
<td>Syndicate Bank Ltd</td>
<td>EGM</td>
<td>29/10/2018</td>
<td>India</td>
<td>Elect Arvind Kumar Jain as Director</td>
<td>Against</td>
</tr>
<tr>
<td>Syndicate Bank Ltd</td>
<td>EGM</td>
<td>18/12/2018</td>
<td>India</td>
<td>Approve Issuance of Equity Shares to the Government of India on Preferential Basis</td>
<td>Against</td>
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<tr>
<td></td>
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<td>Approve Increase in the Limit to Raise Capital by Issuance of Shares to Employees Under the Employee Stock Purchase Scheme</td>
<td>Against</td>
</tr>
<tr>
<td>Tech Mahindra Ltd</td>
<td>AGM</td>
<td>31/07/2018</td>
<td>India</td>
<td>Approve Employee Stock Option Scheme 2018 for Benefit of Employees and Director of Company</td>
<td>Against</td>
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<td></td>
<td>Approve Employee Stock Option Scheme 2018 for Benefit of Employees and Director of Subsidiary Company</td>
<td>Against</td>
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<tr>
<td>Texmaco Rail &amp; Engineering Ltd</td>
<td>AGM</td>
<td>04/09/2018</td>
<td>India</td>
<td>Approve Texmaco Employee Stock Option Scheme 2018</td>
<td>Against</td>
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<tr>
<td>Torrent Pharmaceuticals Ltd</td>
<td>AGM</td>
<td>02/08/2018</td>
<td>India</td>
<td>Reelect Haigreve Khaitan as Director</td>
<td>Against</td>
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<tr>
<td>Torrent Power Limited</td>
<td>AGM</td>
<td>01/08/2018</td>
<td>India</td>
<td>Reelect Samir Barua as Director</td>
<td>Against</td>
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<td>Reelect Pankaj Patel as Director</td>
<td>Against</td>
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<tr>
<td>Triveni Turbine Ltd</td>
<td>EGM</td>
<td>13/12/2018</td>
<td>India</td>
<td>Reelect Shekhar Datta as Director</td>
<td>Against</td>
</tr>
<tr>
<td>TTK Healthcare Ltd</td>
<td>AGM</td>
<td>09/08/2018</td>
<td>India</td>
<td>Reelect B N Bhagwat as Director</td>
<td>Against</td>
</tr>
</tbody>
</table>

For further information:
Visit www.jupiteram.com for more information on Jupiter’s corporate governance and engagement activities.

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JUPITER
Asset Management