



Annual Voting Report 2020

Summary

Voting Options	Totals	Percentages
Resolutions voted in favour of management	416	94.8%
Resolutions voted against management	23	5.2%
Resolutions abstained from	0	0.0%
Resolutions not voted on	0	0.0%
Total resolutions	439	100%

Kennox Asset Management Limited, 23 Melville Street, Edinburgh, UK, EH3 7PE
Tel: +44 (0) 131 563 5440 Web: www.kennox.co.uk

Authorised and regulated by the Financial Conduct Authority (FRN: 475658).

The Company is based in Scotland, UK with the above registered address (Registered Number: SC302037).

Breakdown by Company

Company	Resolutions voted in favour of management	Resolutions voted against management	Resolutions abstained from	Resolutions not voted on	Total resolutions	Comments Regarding voting against management, abstained from and not voted on
ADMIRAL GROUP PLC	21	1	0	0	22	<p><u>Resolution: to authorise the directors to allot relevant securities</u></p> <p>The maximum amount of 2/3 of the Company's issued ordinary share capital is well above our threshold of 50%. This concerns us that Admiral's management would be able to raise a large amount of funds without asking shareholders for approval (for example to make a large acquisition).</p>
BP PLC	19	4	0	0	23	<p><u>Resolution: To approve the Directors' remuneration report (pages 100-127 of AR – excluding the remuneration policy)</u></p> <p>The CEO remuneration remains at a similar level although down slightly which is a move in the right direction (\$13.2m), and it still seems excessive.</p> <p><u>Resolution: To approve the Directors' remuneration policy</u></p> <p>This policy could enable the award of £11m to the CEO which is excessive and above our \$6m threshold). This is only voted on every 3 years.</p> <p><u>Resolution: To approve changes to the BP Executive Directors' incentive plan</u></p> <p>Key executive remuneration considered to be in excess of Kennox's acceptable remuneration limit.</p>



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						<p><u>Resolution: directors' authority to allot shares (section 551)</u></p> <p>We felt that being able to allot shares up to 2/3rds of the current share capital of the company was too high.</p>
CANON MARKETING JAPAN INC.	12	0	0	0	12	
CHINA MOBILE LIMITED	9	1	0	0	10	<p><u>Resolution: To extend the general mandate granted to the directors of the company to issue, allot and deal with shares by the number of shares bought back in accordance with ordinary resolution number 8 as set out in the AGM notice</u></p> <p>We felt that this resolution shouldn't be necessary if they give enough thought to buying back shares in the first instance</p>
EQUINOR ASA	39	1	0	0	40	<p><u>Resolution: Proposal from shareholder to set short-, medium-, and long-term net carbon intensity targets (including scope 1, 2 and 3)</u></p> <p>Equinor has provided targets relating to the Paris Climate Agreement and Kennox feels it is reasonable to ask Equinor to report on their progress towards them so it is possible to assess the climate-related risks accordingly.</p>
EXXON MOBIL CORPORATION	16	2	0	0	18	<p><u>Resolution: Advisory Vote to Approve Executive Compensation (non-binding)</u></p> <p>We thought CEO pay was excessive and it has jumped significantly (25%) from \$18.8m to \$23.5m (total direct compensation up 4% from \$15.5m to \$16.1m).</p>

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						<p><u>Resolution: Independent Chairman</u></p> <p>Although we voted in favour of this resolution, it was a shareholder resolution and we voted against management. We felt that the company would benefit from having the Chairman and CEO role split between different people as it would provide better oversight, especially considering the size of the company.</p>
FUJIKON INDUSTRIAL HOLDINGS LTD	10	0	0	0	10	
FUKUDA DENSHI CO.,LTD.	9	0	0	0	9	
GLAXOSMITHKLINE PLC	22	2	0	0	24	<p><u>Resolution: To approve remuneration</u></p> <p>We felt that CEO remuneration of £6.8m for a company the size of GSK is excessive.</p> <p><u>Resolution: To approve new remuneration policy</u></p> <p>Minor policy changes that allow the executives to be paid excessive, increasing CEO potential performance-based pay.</p>
KONINKLIJKE KPN NV	14	0	0	0	14	
METROPOLE TELEVISION SA	30	0	0	0	30	

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MUENCHENER RUECKVERSICHERUNGSGESELLSCHAFT AKTIENG	16	0	0	0	16	
NEWCREST MINING LTD	7	1	0	0	8	<p><u>Resolution: Adoption of The Remuneration Report for the year ended 30 June 2020 (ADVISORY ONLY)</u></p> <p>Total pay for the CEO for 2020 was USD7.3m (~£5.6m) – this seems excessive for a company the size of Newcrest and is above our threshold of \$6m.</p>
NEWMONT CORPORATION	12	2	0	0	14	<p><u>Resolution: Approve, on an Advisory Basis, Named Executive Officer Compensation.</u></p> <p>Although the CEO remuneration decreased year-on-year, we still considered it to be too high at over \$7m</p> <p><u>Resolution: Approve the 2020 Stock Incentive Plan</u></p> <p>Key executive remuneration considered to be in excess of Kennox's acceptable remuneration limit.</p>
QUADIENT SA	32	0	0	0	32	
ROYAL DUTCH SHELL PLC	18	3	0	0	21	<p><u>Resolution: Approval of the directors' remuneration policy set out on pages 155-163</u></p> <p>Although some changes have been made that reduce the maximum potential award for executives, it is still possible for the CEO to earn a total of > €15m (including LTIP) and this seems excessive.</p>

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						<p><u>Resolution: Approval of the directors' remuneration report (excluding the directors' remuneration policy) for the year ended 31st December 2019, set out on pages 135-154</u></p> <p>Although total CEO pay has halved y-o-y, it is still well above our \$6m threshold at \$11.2m</p> <p><u>Resolution: A group of shareholders is requesting that Shell's annual reporting includes information about plans and progress to achieve its published targets that are aligned with the goal of the Paris Climate Agreement to limit global warming to well below 2°C</u></p> <p>Although Shell has already outlined an ambitious approach that is sector-leading and is supportive of the Paris Climate Agreement, we feel it is reasonable to ask Shell to report on their plans and progress annually so that shareholders can assess the climate-related risks accordingly.</p>
SINGAPORE TELECOMMUNICATIONS LTD	11	0	0	0	11	
SKY NETWORK TELEVISION LTD	3	0	0	0	3	
STAR MICRONICS CO.,LTD.	7	0	0	0	7	
SWISSCOM AG	22	0	0	0	22	

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TAISHO PHARMACEUTICAL HOLDINGS CO.,LTD.	2	0	0	0	2	
TESCO PLC	25	2	0	0	27	<p><u>Resolution: Approve Remuneration Report</u></p> <p>Although pay of £6.4m is small vs total sales and profits, it is above our threshold and increased significantly in a year where sales and profits decreased y-o-y.</p> <p><u>Resolution: Authority to Allot Shares</u></p> <p>We felt that it was too much for the directors to be able to allot shares up to 2/3 of the issued share capital without obtaining specific shareholder approval.</p>
TEXWINCA HOLDINGS LTD	11	1	0	0	12	<p><u>Resolution: To Authorise the Board of Directors to fix the Directors' Remuneration</u></p> <p>It is good to see that the bonus (and therefore overall remuneration) decreased again in 2019 (down 18% vs 2018) to be HK\$ 28m. Revenue fell 7% y-o-y in 2019 to HK\$ 7.6bn and net profit fell 48% to HK\$ 169m. Although it is moving in the right direction, remuneration of 16.6% of net profit seems excessive.</p>
THE WESTERN UNION COMPANY	12	1	0	0	13	<p><u>Resolution: Advisory Vote to Approve Executive Compensation.</u></p> <p>More than \$10m for the CEO is above our threshold and just looks excessive.</p>
TRADELINK ELECTRONIC COMMERCE LIMITED	10	1	0	0	11	<p><u>Resolution: To authorize the board of directors to fix the remuneration of the directors.</u></p>



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						We felt that CEO pay of 4% of revenues and 9% of profit was too high.
YAMANA GOLD INC	9	1	0	0	10	Resolution: <u>Have a “say on pay”, on an advisory basis, and not to diminish the role and responsibilities of the board, accept the approach to executive compensation disclosed in the 2020 management information</u> Pay was \$5m for the Chairman and \$3m for the CEO and we felt that this was excessive.
YUE YUEN INDUSTRIAL (HOLDINGS) LTD	18	0	0	0	18	

Please refer to our website for further information:

<https://kennox.co.uk/esg-stewardship-engagement/>

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