



Macquarie Asset Management

Shareholder Rights Directive II Report

April 2024

1. Introduction

Macquarie Asset Management (“**MAM**”) is a global asset manager that aims to deliver positive impact for everyone. Trusted by institutions, governments, foundations, and individuals to manage approximately \$US573.5 billion in assets¹ globally, we provide access to specialist investment expertise across a range of capabilities including infrastructure, green investments, agriculture & natural assets, real estate, private credit, fixed income, equities and multi asset solutions.

MAM is part of Macquarie Group, a diversified financial group providing clients with asset management, finance, banking, advisory and risk and capital solutions across debt, equity, and commodities. Founded in 1969, Macquarie Group employs more than 21,000 people in 34 markets and is listed on the Australian Securities Exchange.

This report contains disclosures required by Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (“**Shareholder Rights Directive II**” or “**SRD II**”) and describes how MAM’s policies and procedures meet the requirements of SRD II.

1.1 Entities in scope

This report has been written in accordance with the requirements of:

- (a) Article 3(g)(1)(b) of SRD II which applies to each of the following MAM entities:
 - Macquarie Investment Management Austria Kapitalanlage AG (“**MIMAK**”); and
 - Macquarie Investment Management Europe S.A. (“**MIME SA**”); and
- (b) Rule 2.2B.5R(1)(b) of the Conduct of Business Sourcebook in the FCA Rules (“**COBS**”) which applies to Macquarie Investment Management Europe Limited (“**MIMEL**”),

(together, the “**SRD II Entities**”).

2. Directive

SRD II is a set of rules to promote the exercise of shareholder voting rights at general meetings and improve the transparency of stewardship activities undertaken by European asset managers. The 2017 revision (Directive (EU) 2017/828) aims to encourage long-term shareholder engagement to ensure that decisions are made for the long-term stability of a company and take into account environmental and social issues.

Pursuant to Article 3(g)(1)(b) of SRD II and COBS Rule 2.2B.5R(1)(b), the SRD II Entities are required to issue annual disclosures outlining how our engagement policy has been implemented, including a general description of voting behaviour, an explanation of the most significant votes, and the use of the services of proxy advisors.

2.1 Reporting

Pursuant to SRD II, the SRD II Entities are required to publicly disclose an engagement policy that describes:

- how we integrate shareholder engagement across our investment strategies;
- how we monitor investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact, and corporate governance;
- conduct dialogues with investee companies;
- exercise voting rights and other rights attached to shares;
- cooperate with other shareholders; and
- communicate with relevant stakeholders of the investee companies and manage actual and potential conflicts of interests in relation to their engagement.

Our policies and stewardship reporting demonstrate how the SRD II Entities meet the requirement of SRD II related to engagement with public companies and other parties involved in the investments lifecycle of our funds. MAM’s global engagement policy outlining our approach to fulfil these requirements can be found [here](#).

Engagement reporting (i.e. how MAM’s global engagement policy has been implemented) is described under Principle 9 of MAM’s Stewardship Report which can be found [here](#).

¹ AuM figures as at 30 September 2023.

2.2 General description of voting behaviour

We will exercise our voting rights responsibly by seeking to ensure that proxies are voted in the best interests of our clients and adhere to the requirements of all applicable laws and general fiduciary principles. The SRD II Entities will generally vote proxies in accordance with the Proxy Voting Guidelines, unless the relevant investment team determines that a client's best interests would not be served by such a vote. A general description of voting behaviour is described under Principle 12 of MAM's Stewardship Report which can be found [here](#).

Additional information on voting behaviour is also outlined in MAM's Global Engagement Policy which can be found [here](#).

2.3 Most significant votes

MAM utilises a proactive proxy alert system which is applied across all SRD II Entities. Through this process, investment teams are alerted directly when an ESG or corporate strategic issue comes up for a proxy vote for a company which they hold in portfolios they manage on behalf of MAM's clients. MAM and the SRD II Entities consider 'most significant votes' as being when the shareholder resolution relates to an issue listed in **Table 1** below.

To access MAM's proxy voting reporting on most significant votes, please click [here](#).

See **Appendix A²** for a list of MAM's most significant votes in 2023 for the SRD II Entities.

Table 1: Most significant votes

ESG Issue	
Report on climate change	Renewable energy
Climate change action	Improve human rights standards or policies
GHG emissions	Report on sustainability
Human rights risk assessment	Energy efficiency
Board diversity	Publish two-degree scenario analysis
Gender pay gap	Anti-social proposal
Link executive pay to social criteria	
Corporate strategic issue	
Adopt or increase supermajority vote requirement for mergers	Approve reorganization/restructuring plan
Amend articles/bylaws/charter to remove anti-takeover provisions	Approve request for bankruptcy protection
Amend right to call special meeting	Approve sale of company assets
Approve acquisition or issue shares in connection acquisition	Approve special-purpose acquisition company transactions
Approve merger agreement	Approve spin-off agreement
Approver merge by absorption	Elect director (proxy contest-related)
Approve liquidation plan	Grant authority to board to implement anti-takeover measures during a takeover

2.4 Use of proxy advisors

MAM's use of the services of proxy advisors is described under Principle 12 of MAM's Stewardship Report which can be found [here](#).

3. Contacts

For any queries, please contact mimemea.institutionalaccounts@macquarie.com.

² There are no proxy votes to report for MIMAK or MIMEL. MIMAK is fairly passive from an equities perspective given the entity primary manages multi-asset funds and clients. Proxy voting for MIMEL is delegated to other investment teams in MAM as MIMEL doesn't actively manage any equities mandates.

Appendix A – MIME SA most significant votes for 2023

Country	Company	Meeting Date	Proposal Description	Management Recommendation	Vote Decision	Category
Denmark	Novo Nordisk	3/23/2023	Shareholder Proposal Regarding Company's Product pricing	Against	Against	Governance
France	Orange	5/23/2023	Shareholder Proposal A Regarding Limit on Board Memberships	Against	Against	Governance
France	Orange	5/23/2023	Shareholder Proposal B regarding Amending ESG Metrics and Potential Dilution of Equity Compensation Plan	Against	Against	Compensation
France	Orange	5/23/2023	Shareholder Proposal C regarding Amending ESG Metrics of Equity Compensation Plan	Against	Against	Compensation
France	Orange	5/23/2023	Shareholder Proposal D Regarding Equity Remuneration for Employee	Against	Against	Compensation
Germany	Knorr-Bremse AG	5/5/2023	Approval of Intra-Company Control Agreement with Knorr-Bremse Systeme für Nutzfahrzeuge GmbH	For	For	M&A
Sweden	Hennes & Mauritz AB	5/4/2023	Shareholder Proposal Regarding Fairtrade-labelled Clothing	Undetermined	Against	Social
Sweden	Hennes & Mauritz AB	5/4/2023	Shareholder Proposal Regarding Severance Pay Policy	Undetermined	Against	Social
Sweden	Hennes & Mauritz AB	5/4/2023	Shareholder Proposal Regarding Report on Cotton Products	Undetermined	Against	Environment
Sweden	Hennes & Mauritz AB	5/4/2023	Shareholder Proposal Regarding Policy on Down Products	Undetermined	Against	Social
Switzerland	Nestle SA	4/20/2023	Additional or Amended Shareholder Proposals	Undetermined	Against	Governance
United States	Merck & Co Inc	5/23/2023	Shareholder Proposal Regarding Report on Corporate Operations with China	Against	Against	Social
United States	Merck & Co Inc	5/23/2023	Shareholder Proposal Regarding Report on Access to COVID-19 Products	Against	Against	Social
United States	Merck & Co Inc	5/23/2023	Shareholder Proposal Regarding Third-Party Political Expenditures Reporting	Against	For	Social
United States	Merck & Co Inc	5/23/2023	Shareholder Proposal Regarding Extended Patent Exclusivities and Application for Secondary and Tertiary Patents	Against	Against	Social
United States	Merck & Co Inc	5/23/2023	Shareholder Proposal Regarding Congruency Report of Partnerships with Certain Organizations	Against	Against	Social
United States	Merck & Co Inc	5/23/2023	Shareholder Proposal Regarding Independent Chair	Against	For	Governance
United States	Otis Worldwide Corp	5/18/2023	Shareholder Proposal Regarding Independent Chair	Against	For	Governance

Country	Company	Meeting Date	Proposal Description	Management Recommendation	Vote Decision	Category
United States	Pfizer Inc.	4/27/2023	Shareholder Proposal Regarding Severance Approval Policy	Against	Against	Compensation
United States	Pfizer Inc.	4/27/2023	Shareholder Proposal Regarding Independent Chair	Against	For	Governance
United States	Pfizer Inc.	4/27/2023	Shareholder Proposal Regarding Intellectual Property	Against	Against	Social
United States	Pfizer Inc.	4/27/2023	Shareholder Proposal Regarding Extended Patent Exclusivities and Application for Secondary and Tertiary Patents	Against	Against	Social
United States	Pfizer Inc.	4/27/2023	Shareholder Proposal Regarding Report on Political Expenditures and Values Congruency	Against	Against	Social
United States	Visa Inc	1/24/2023	Shareholder Proposal Regarding Independent Chair	Against	Abstain	Governance