



# North East Scotland Pension Fund

## PROXY VOTING REVIEW

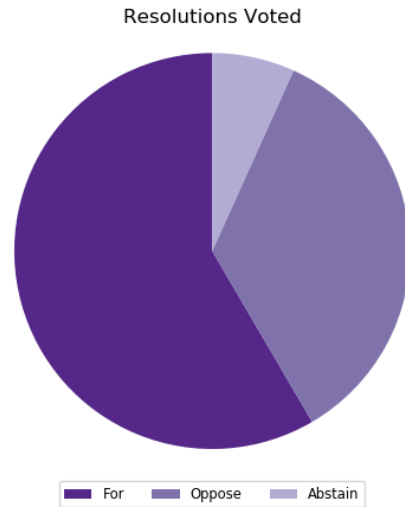
PERIOD 1<sup>st</sup> January 2024 to 31<sup>st</sup> March 2024

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# 1 Resolution Analysis

- Number of resolutions voted: 90 (note that it MAY include non-voting items).
- Number of resolutions supported by client: 52
- Number of resolutions opposed by client: 31
- Number of resolutions abstained by client: 6
- Number of resolutions Non-voting: 0
- Number of resolutions Withheld by client: 0
- Number of resolutions Not Supported by client: 0



### 1.1 Number of meetings voted by geographical location

Location	Number of Meetings Voted
UK & BRITISH OVERSEAS	4
USA & CANADA	3
ASIA	1
<b>TOTAL</b>	<b>8</b>

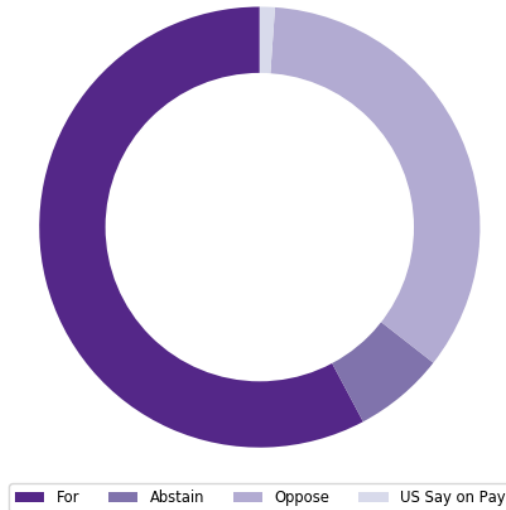
Meetings voted by geographic location



## 1.2 Number of Resolutions by Vote Categories

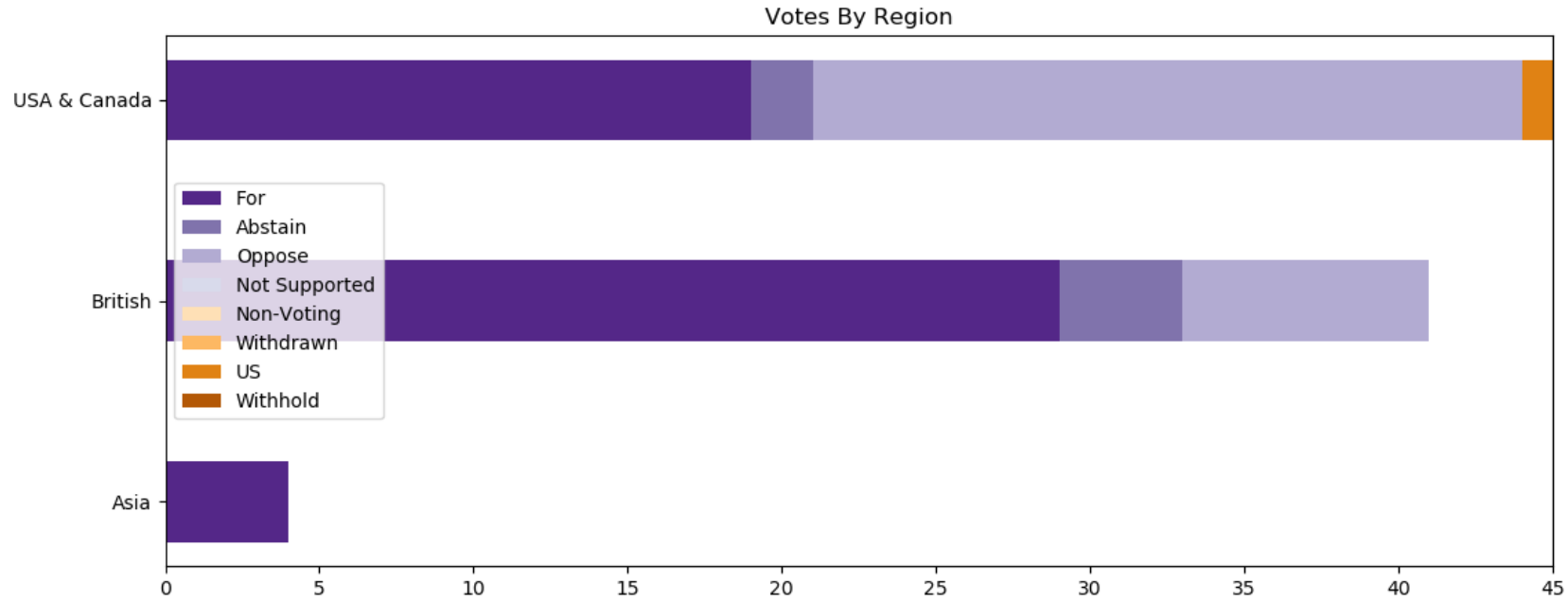
Vote Categories	Number of Resolutions
For	52
Abstain	6
Oppose	31
Non-Voting	0
Not Supported	0
Withhold	0
US Frequency Vote on Pay	1
Withdrawn	0
<b>TOTAL</b>	<b>90</b>

Resolutions by Vote Category



### 1.3 Number of Votes by Region

	For	Abstain	Oppose	Non-Voting	Not Supported	Withhold	Withdrawn	US Frequency Vote on Pay	Total
UK & BRITISH OVERSEAS	29	4	8	0	0	0	0	0	41
USA & CANADA	19	2	23	0	0	0	0	1	45
ASIA	4	0	0	0	0	0	0	0	4
<b>TOTAL</b>	<b>52</b>	<b>6</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>90</b>

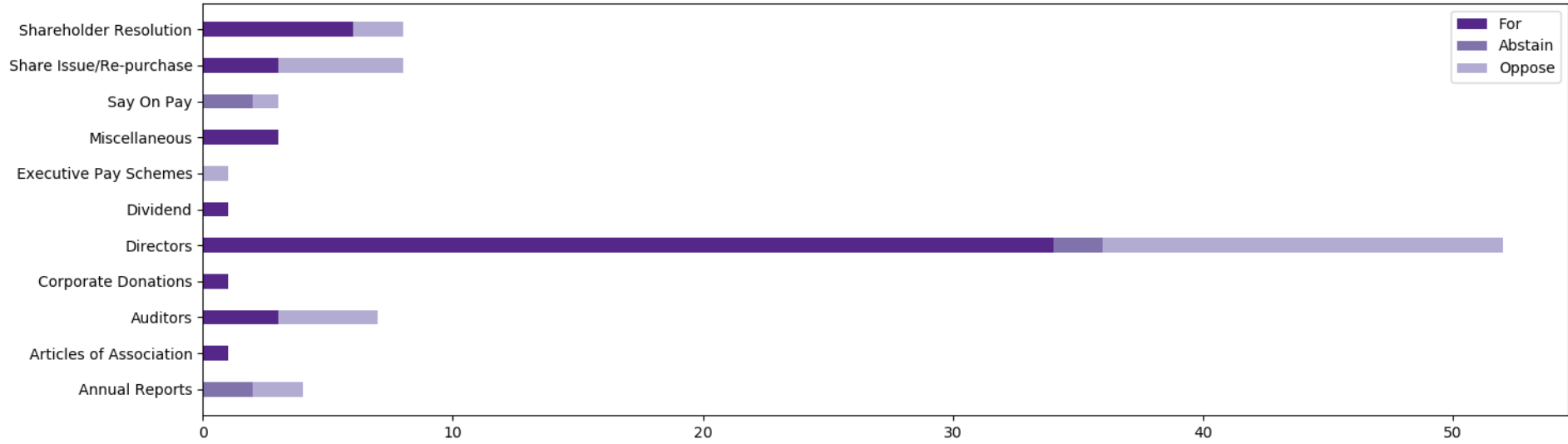


### 1.4 Votes Made in the Portfolio Per Resolution Category

## Portfolio

	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	0	0	0	0	0	0	0
Annual Reports	0	2	2	0	0	0	0
Articles of Association	1	0	0	0	0	0	0
Auditors	3	0	4	0	0	0	0
Corporate Actions	0	0	0	0	0	0	0
Corporate Donations	1	0	0	0	0	0	0
Debt & Loans	0	0	0	0	0	0	0
Directors	34	2	16	0	0	0	0
Dividend	1	0	0	0	0	0	0
Executive Pay Schemes	0	0	1	0	0	0	0
Miscellaneous	3	0	0	0	0	0	0
NED Fees	0	0	0	0	0	0	0
Non-Voting	0	0	0	0	0	0	0
Say on Pay	0	2	1	0	0	0	0
Share Capital Restructuring	0	0	0	0	0	0	0
Share Issue/Re-purchase	3	0	5	0	0	0	0
Shareholder Resolution	6	0	2	0	0	0	0

Votes Made in Portfolio by Resolution Category

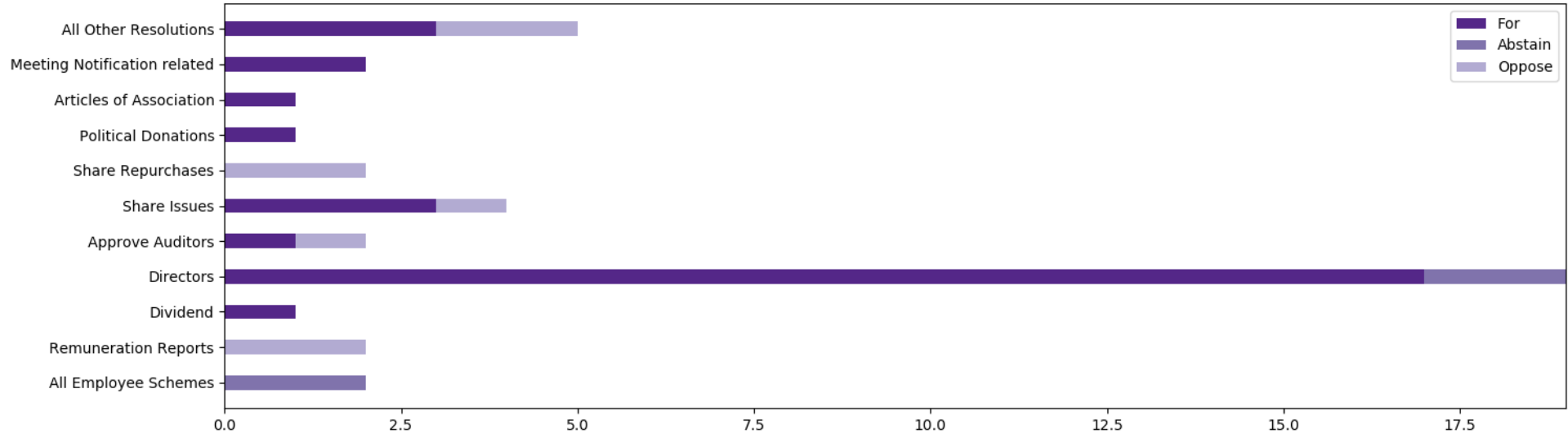




## 1.5 Votes Made in the UK Per Resolution Category

	UK						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
Annual Reports	0	2	0	0	0	0	0
Remuneration Reports	0	0	2	0	0	0	0
Remuneration Policy	0	0	0	0	0	0	0
Dividend	1	0	0	0	0	0	0
Directors	17	2	0	0	0	0	0
Approve Auditors	1	0	1	0	0	0	0
Share Issues	3	0	1	0	0	0	0
Share Repurchases	0	0	2	0	0	0	0
Executive Pay Schemes	0	0	0	0	0	0	0
All-Employee Schemes	0	0	0	0	0	0	0
Political Donations	1	0	0	0	0	0	0
Articles of Association	1	0	0	0	0	0	0
Mergers/Corporate Actions	0	0	0	0	0	0	0
Meeting Notification related	2	0	0	0	0	0	0
All Other Resolutions	3	0	2	0	0	0	0
Shareholder Resolution	0	0	0	0	0	0	0

Votes Made in UK by Resolution Category

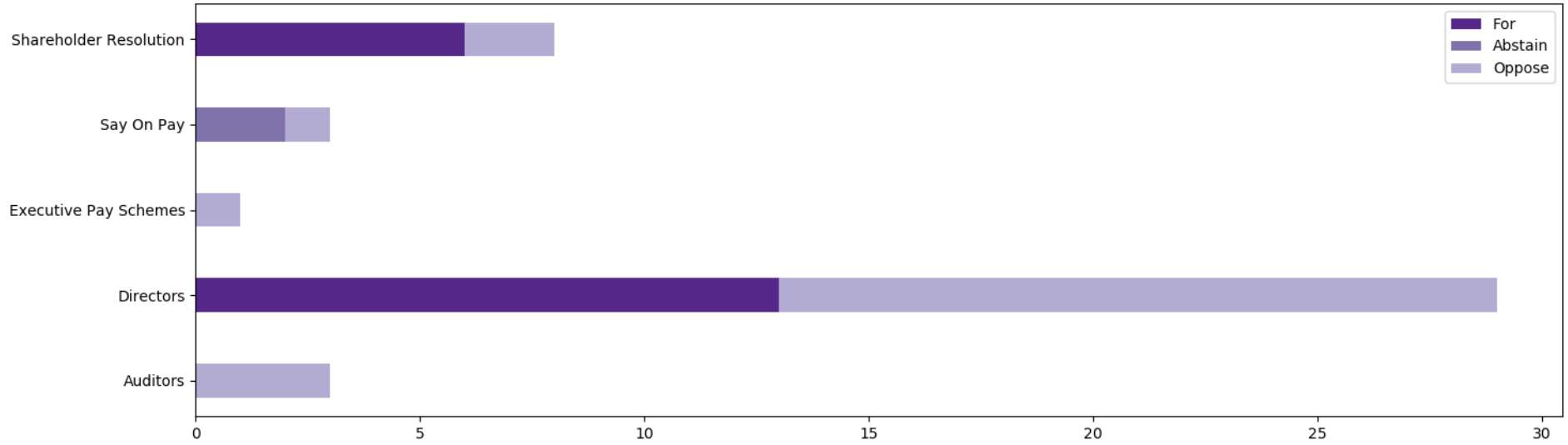


## 1.6 Votes Made in the US/Global US & Canada Per Resolution Category

### US/Global US & Canada

	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	0	0	0	0	0	0	0
Annual Reports	0	0	0	0	0	0	0
Articles of Association	0	0	0	0	0	0	0
Auditors	0	0	3	0	0	0	0
Corporate Actions	0	0	0	0	0	0	0
Corporate Donations	0	0	0	0	0	0	0
Debt & Loans	0	0	0	0	0	0	0
Directors	13	0	16	0	0	0	0
Dividend	0	0	0	0	0	0	0
Executive Pay Schemes	0	0	1	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0
NED Fees	0	0	0	0	0	0	0
Non-Voting	0	0	0	0	0	0	0
Say on Pay	0	2	1	0	0	0	0
Share Capital Restructuring	0	0	0	0	0	0	0
Share Issue/Re-purchase	0	0	0	0	0	0	0

Votes Made in US/Global US & Canada by Resolution Category



### 1.7 Shareholder Votes Made in the US Per Resolution Category

US/Global US and Canada

	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
<b>Social Policy</b>							
Human Rights	0	0	0	0	2	0	0
Lobbying	0	1	0	0	0	0	0

## 1.8 Votes Made in the EU & Global EU Per Resolution Category

	EU & Global EU						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	0	0	0	0	0	0	0
Annual Reports	0	0	0	0	0	0	0
Articles of Association	0	0	0	0	0	0	0
Auditors	0	0	0	0	0	0	0
Corporate Actions	0	0	0	0	0	0	0
Corporate Donations	0	0	0	0	0	0	0
Debt & Loans	0	0	0	0	0	0	0
Directors	0	0	0	0	0	0	0
Dividend	0	0	0	0	0	0	0
Executive Pay Schemes	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0
NED Fees	0	0	0	0	0	0	0
Non-Voting	0	0	0	0	0	0	0
Say on Pay	0	0	0	0	0	0	0
Share Capital Restructuring	0	0	0	0	0	0	0
Share Issue/Re-purchase	0	0	0	0	0	0	0
Shareholder Resolution	0	0	0	0	0	0	0

## 1.9 Votes Made in the Global Markets Per Resolution Category

	Global Markets						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	0	0	0	0	0	0	0
Annual Reports	0	0	0	0	0	0	0
Articles of Association	0	0	0	0	0	0	0
Auditors	0	0	0	0	0	0	0
Corporate Actions	0	0	0	0	0	0	0
Corporate Donations	0	0	0	0	0	0	0
Debt & Loans	0	0	0	0	0	0	0
Directors	4	0	0	0	0	0	0
Dividend	0	0	0	0	0	0	0
Executive Pay Schemes	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0
NED Fees	0	0	0	0	0	0	0
Non-Voting	0	0	0	0	0	0	0
Say on Pay	0	0	0	0	0	0	0
Share Capital Restructuring	0	0	0	0	0	0	0
Share Issue/Re-purchase	0	0	0	0	0	0	0
Shareholder Resolution	0	0	0	0	0	0	0

## 1.10 Geographic Breakdown of Meetings All Supported

### SZ

Meetings	All For	AGM	EGM
0	0	0	0

### AS

Meetings	All For	AGM	EGM
1	1	0	1

### UK

Meetings	All For	AGM	EGM
4	2	0	2

### EU

Meetings	All For	AGM	EGM
0	0	0	0

### SA

Meetings	All For	AGM	EGM
0	0	0	0

### GL

Meetings	All For	AGM	EGM
0	0	0	0

### JP

Meetings	All For	AGM	EGM
0	0	0	0

### US

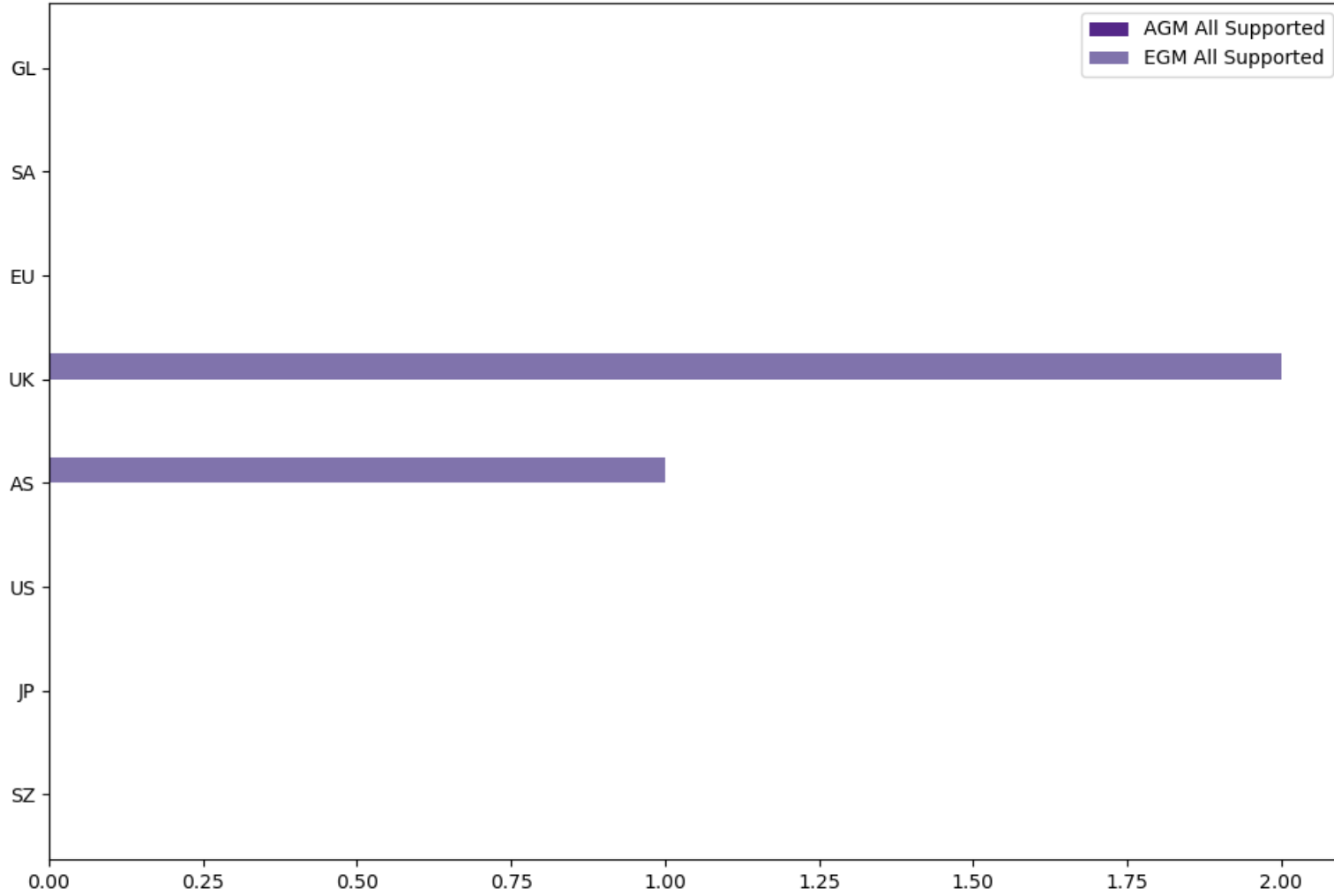
Meetings	All For	AGM	EGM
3	0	0	0

### TOTAL

Meetings	All For	AGM	EGM
8	3	0	3



Geographic Breakdown of Meetings All Supported



## 1.11 List of all meetings voted

Company	Meeting Date	Type	Resolutions	For	Abstain	Oppose
HDFC BANK LTD	09-01-2024	EGM	4	4	0	0
SMART METERING SYSTEMS PLC	18-01-2024	EGM	1	1	0	0
SMART METERING SYSTEMS PLC	18-01-2024	COURT	1	1	0	0
INTUIT INC.	18-01-2024	AGM	16	9	1	5
ON THE BEACH GROUP PLC	26-01-2024	AGM	19	12	2	5
AJ BELL PLC	30-01-2024	AGM	20	15	2	3
APPLE INC	28-02-2024	AGM	15	3	0	12
APPLIED MATERIALS INC	07-03-2024	AGM	14	7	1	6

## 2 Notable Oppose Vote Results With Analysis

Note: Here a notable vote is one where the Oppose result is at least 10%.

### INTUIT INC. AGM - 18-01-2024

#### *6. Shareholder Resolution: Retirement Plan Investment Report*

**Proponent's Argument:** Stockholders of the Company Myra K. Young, Meyer Memorial Trust, and Merck Family Fund request that the Board report on the Company's Retirement Plan Investment Report. "The serious economic effects of climate change will have a particularly significant impact on workers' saving for retirement. Retirement plan beneficiaries have long investment horizons, and the longer term the investment horizon, the more likely it is that climate will not only be a material risk, but the most material risk. Such climate portfolio risk to retirement plans will be difficult to mitigate. An International Finance Corporation report concluded that "the traditional way of managing risk through a shift in asset allocation into increased holdings of more conservative, lower risk, lower return, asset classes may do little to offset climate risks. While our Company has taken actions to address its operational greenhouse gas emissions, it has not acted to meaningfully address the emissions generated by its retirement plan investments. The plan's "default" investment option-into which participants are automatically enrolled if they do not affirmatively select another option-is the Vanguard Target Retirement fund series. The funds in this series account for 76% of plan assets. These funds invest heavily in high-carbon companies and companies contributing to deforestation."

**Company Response:** The Board recommends a vote against this proposal. "Our 401(k) plan provides participants with a variety of investment options to enable participants to pursue their individual retirement objectives based on their own risk tolerance. These options currently include a fund comprised of companies screened for certain ESG criteria, including climate-related risk. The primary investment managers, and nearly all of the subadvisors, of the funds offered by our 401(k) plan, as signatories to the UN Principles for Responsible Investment, are publicly committed to incorporate climate risk and other ESG factors into their investment practices. In addition, our plan offers a self-directed brokerage option that gives plan participants the ability to invest some or all of their plan accounts in hundreds of ESG-focused funds (in addition to thousands of other investments such as mutual funds, individual stocks, and ETFs). These options already provide plan participants with the ability to invest their plan accounts according to their personal objectives and preferences, which may include objectives related to climate or other ESG-related outcomes. We do not believe the request for our Board to publish the requested report is an effective means of enhancing the protection of 401(k) plan participants in accordance with the applicable fiduciary requirements."

**PIRC analysis:** It is considered that shareholders should be focused on long-term value creation. Ignoring the potential long-term costs of ignoring climate change as part of the investment strategy of the company's retirement plan is not considered to be in the best interests of its employees. Fossil fuels financing is risky, with records of several human rights and environmental violations and returns that can pay out only years after the initial expensive investment. Although some case studies show that pension funds are getting increasingly involved in the energy transition, most of the financial system as a whole is still oriented mainly towards financing the linear economy when not directly fossil fuel enterprises. Nevertheless, retail investors such as the beneficiaries from the company's retirement plan are increasingly reported to feel that brands have a responsibility to take care of the planet, and UN's Business and Sustainable Development Commission issued a forecast where sustainability is mentioned as to be worth at least USD 12 trillion a year by 2030 to businesses. As such, financing the energy transition could be indeed an opportunity especially for pension funds, where the size of a greener economy (directly related to the availability of financing for those projects) and the long term would meet.

Vote Cast: *For*

Results: For: 12.6, Abstain: 4.5, Oppose/Withhold: 82.9,

## APPLE INC AGM - 28-02-2024

### 4. *Shareholder Resolution: EEO Policy Risk Report*

**Proponent's argument:** National Center for Public Policy Research proposes that the Company "issue a public report detailing the potential risks associated with omitting "viewpoint" and "ideology" from its written equal employment opportunity (EEO) policy. The report should be available within a reasonable timeframe, prepared at a reasonable expense and omit proprietary information... Apple's lack of a company-wide best practice EEO policy sends mixed signals to company employees and prospective employees and calls into question the extent to which individuals are protected due to inconsistent state policies and the absence of federal protection for partisan activities. Approximately half of Americans live and work in a jurisdiction with no legal protections if their employer takes action against them for their political activities... There is ample evidence that individuals with conservative viewpoints may face discrimination at Apple... Presently shareholders are unable to evaluate how Apple prevents discrimination towards employees based on their ideology or viewpoint, mitigates employee concerns of potential discrimination, and ensures a respectful and supportive work atmosphere that bolsters employee performance. Without an inclusive EEO policy, Apple may be sacrificing competitive advantages relative to peers while simultaneously increasing company and shareholder exposure to reputational and financial risks. We recommend that the report evaluate risks including, but not limited to, negative effects on employee hiring and retention, as well as litigation risks from conflicting state and company anti-discrimination policies."

**Company's response:** The board recommended a vote against this proposal. "We are committed to nurturing a culture where every great idea can be heard and where everyone belongs, including those with differing viewpoints and ideologies. Inclusion and diversity is one of Apple's values, which means we want every employee to feel a sense of belonging in the workplace, where their perspectives are respected, sought out, and considered fairly. We believe that when we create a workplace where everyone feels comfortable sharing their diverse experiences and perspectives, we remove the barriers that prevent people from being fully engaged and, in turn, facilitate creativity and productivity... Our policies already address the proposal's concern and therefore a report would not provide additional material information. Because our commitment to a respectful and inclusive workplace is broadly scoped and embedded across our policies, practices, and trainings, we believe the risk to Apple of omitting viewpoint or ideology specifically from our Equal Employment Opportunity Policy (EEO Policy) is low, and a report on potential risks would not provide material additional information to shareholders... Our Board maintains active oversight. Our People and Compensation Committee assists the Board in its oversight of management's strategies, policies, and practices relating to Apple's people and teams, including with respect to inclusion and diversity, culture and employee engagement, talent recruitment, development, and retention, and our Audit Committee assists the Board in its oversight of matters relating to business conduct and legal and regulatory compliance. Further, our Nominating Committee oversees Apple's shareholder engagement strategy and response to shareholder proposals and oversaw Apple's recently completed Civil Rights Assessment published in July 2023."

**PIRC analysis:** The potential benefits of staff diversity lie in widening the perspectives on human resources brought to bear on decision-making, avoiding too great a similarity of attitude and helping companies understand their workforces as a kaleidoscope of customers, marketplace, supply chain and society as a whole. Disclosure surrounding the company's staff composition allows shareholders to consider diversity in the context of the long-term interests of the company, including the ability to attract and retain key talent. Disclosure of a policy to improve diversity and goals that have been set to meet this policy also reassures shareholders that a diverse board is not just an aspiration but a goal. However, this resolution appears to be filed by a right-wing policy think tanks as a spoiler resolution to prevent other shareholders from filing resolutions regarding the company's diversity and focuses on ideological diversity with the clear intent to ensure that conservative views are represented on the board as well as so-called liberal perspectives. Given the diversity that already exists on company's staff, a vote against the resolution is recommended.

Vote Cast: *Oppose*

Results: For: 1.3, Abstain: 1.1, Oppose/Withhold: 97.6,

### 5. *Shareholder Resolution: Report on Ensuring Respect for Civil Liberties*

**Proponent's argument:** the American Family Association represented by Bowyer Research "request the Board of Directors conduct an investigation and issue a report within the next 12 months, at reasonable cost and excluding proprietary information and disclosure of anything that would constitute an admission of pending litigation, evaluating the standards and procedures Apple Inc. uses to curate app content on its various platforms, and procedures by which the Company manages disputes between government interests and user rights. Given their facilitatory role in securing access to online services, the actions of major tech companies can

significantly affect the businesses using their platforms and ignite concerns over limiting access to that content. Given their role in the online age, tech companies have a responsibility to use their influence to protect such inherent human rights as "freedom of thought, conscience, and religion," particularly for underprivileged and marginalized populations... We are therefore greatly concerned at recent reports of Apple arbitrarily limiting content access within its online services... This censorship endangers Apple's trust with its users and jeopardizes Apple's stated commitments to human rights and providing quality products. Shareholders must know that Apple will meaningfully commit to protecting reliable app access as a crucial aspect of both good social policy and respecting its users' civil liberties. Apple has defended the connection between human rights and technological access in its Commitment to Human Rights, further asserting its primary emphasis on maintaining users' "access to reliable information and helpful technology." Yet, recent actions call the veracity of such commitments into question.

**Company's response:** The board recommended a vote against this proposal. "Since it launched in 2008, the App Store has proven to be a safe and trusted place to discover and download apps. We're committed to creating a great experience for customers and developers and review every app for compliance with our publicly posted App Store Review Guidelines to uphold the highest privacy, security, and content standards. And we report extensively about how our App Store operates. We are committed to respecting human rights and freedom of expression. Across our products and services, we strive to reflect our respect for human rights, including privacy, freedom of expression, and non-discrimination, which is grounded in our Human Rights Policy... To fulfill our goals for the App Store, trained experts from our App Review team review every app and app update for compliance with the App Review Guidelines, a process outlined in our Digital Services Act Transparency Report... App Review specialists also receive language- and region-specific training that covers cultural and sensitivity issues as they relate to enforcing the App Store Review Guidelines. Difficult decisions are escalated to Apple's Executive Review Board, composed of senior leaders who have ultimate decision-making responsibility regarding the App Store, including app takedowns, further engagement, or an exploration of viable alternatives, as appropriate. As part of the review process, Apple works hard to prevent illegal content from ending up on a country's storefront. Apple seeks to abide by the laws in the jurisdictions in which we operate, as all companies operating in such jurisdictions must do. Whenever possible, apps that are removed from the App Store will only be removed in countries and territories specific to the issue, and will remain available in locations that aren't impacted. If a developer believes their app should be reinstated on the App Store, they can appeal the removal.

**PIRC analysis:** The proponent seeks a full assessment of its potential misuse, including the results on the code that allowed filtering out false and divisive information. The company's provision of products linked to potential violations may expose it to legal, financial, and reputational risks. Concerns over new tools based on big data have linked these products to racial bias and risks to privacy. Since the proposal reasonably requests the company to consult with technology and civil liberties experts and civil and human rights advocates to assess the level of risk of misrepresenting facts and allowing or even inciting misinformation by its platform being used by any customer, and the extent to which said product can be used with purposes contrary to human or civil rights. While the company's response indicates that some work has been done in this area, more could be done. As such the request for the assessment appears reasonable. A vote for the proposal is recommended.

Vote Cast: *For*

Results: For: 1.8, Abstain: 1.3, Oppose/Withhold: 96.9,

#### *6. Shareholder Resolution: Racial and Gender Pay Gaps*

**Proponent's argument:** Anmol Mehra, represented by Arjuna Capital, " request Apple report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information... Pay inequities persist across race and gender and pose substantial risk to companies and society at large. Black workers' hourly median earnings represent 81 percent of white wages. The median income for women working full time is 83 percent that of men. Intersecting race, Black women earn 64 percent, Native women 51 percent, and Latina women 54 percent. At the current rate, women will not reach pay equity until 2059, Black women until 2130, and Latina women until 2224... Actively managing pay equity is associated with improved representation, and diversity is linked to superior stock performance and return on equity. Minorities represent 58 percent of Apple's workforce and 45 percent of leadership. Women represent 35 percent of Apple's workforce and 32 percent of leadership. Best practice pay equity reporting consists of two parts: unadjusted median pay gaps, assessing equal opportunity to high paying roles, statistically adjusted gaps, assessing pay between minorities and non-minorities, men and women, performing similar roles. Apple reports only statistically adjusted gaps but ignores unadjusted gaps, which address structural bias women and minorities face regarding job opportunity and pay, particularly when men hold most higher paying jobs. Median pay gaps show, quite literally, how Apple assigns value to employees through the roles they inhabit and pay they receive.

Median gap reporting also provides a digestible and comparable data point to determine progress over time.

**Company's response:** The board recommended a vote against this proposal. "We are committed to promoting pay equity and diverse representation through our comprehensive approach. Consistent with our commitment to be a leader in pay equity, every year we conduct a robust pay equity analysis encompassing the base salary, bonuses, and stock awards of 100% of our employees that utilizes sophisticated data inputs to assess appropriate compensation bands for each employee, and adjustments are made wherever employees fall below the appropriate range... Since 2017, we have achieved gender pay equity globally, as well as pay equity by race and ethnicity in the United States. Since 2022, we have also achieved pay equity at the intersections of gender and race and ethnicity in our U.S. workforce. In July 2023, we published of a third-party Civil Rights Assessment report prepared by former U.S. Attorney General Eric Holder and his team at Covington & Burling LLP, which describes the significant resources Apple has invested to rigorously track and manage pay equity across Apple... Consistent with our goal of promoting equal employment opportunity, we also continue to focus on increasing diverse representation at every level of the Company to help Apple identify the best talent in the world, and become an even better reflection of the world we live in. We do that by taking a comprehensive approach, from expanding our diversity outreach efforts, including our ties with Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions (HSIs)... From day one, Apple employees have access to our career development programs, ongoing inclusion and diversity education, and support throughout their career journeys...Our Board maintains active oversight. Inclusion and diversity is one of our Apple values and our Board and its committees maintain active oversight of this area. newline]**PIRC analysis:** Disclosure of goals and policies related to the gender pay gap would also be beneficial. As such, the requested report over the risks associated with a gender pay gap on the company's human capital and business is considered in the best interest of shareholders and would underpin the company's efforts in fostering diversity and thereby enhance its reputation. While the company has released statistics surrounding its gender pay parity and it appears to be committed to equal opportunities, it is considered nevertheless beneficial for the company to report on such issues, as the median gender pay gap will show how many or how few women there are in senior positions at the company. A vote for the resolution is recommended.

Vote Cast: *For*

Results: For: 30.8, Abstain: 0.7, Oppose/Withhold: 68.4,

### 7. Shareholder Resolution: Report on Use of AI

**Proponent's argument:** AFL-CIO Equity Index Funds "request that Apple Inc. prepare a transparency report on the company's use of Artificial Intelligence ("AI") in its business operations and disclose any ethical guidelines that the company has adopted regarding the company's use of AI technology. This report shall be made publicly available to the company's shareholders on the company's website, be prepared at a reasonable cost, and omit any information that is proprietary, privileged, or violative of contractual obligations. If adopted, this proposal asks our company to issue a transparency report on the company's use of AI technology and to disclose any ethical guidelines that the company has adopted regarding AI technology. We believe that adopting an ethical framework for the use of AI technology will strengthen our company's position as a responsible and sustainable leader in its industry. By addressing the ethical considerations of AI in a transparent manner, we can build trust among our company's stakeholders and contribute positively to society. The adoption of AI technology into business raises a number of significant social policy issues. For example, the use of AI in human resources decisions may raise concerns about discrimination or bias against employees...The White House Office of Science and Technology Policy has developed a set of ethical guidelines to help guide the design, use, and deployment of AI. These five principles for an AI Bill of Rights are 1) safe and effective systems, 2) algorithmic discrimination protections, 3) data privacy, 4) notice and explanation, and 5) human alternatives, consideration, and fallback. (White House Office of Science and Technology Policy, "Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People," October 2022."

**Company's response:** The board recommended a vote against this proposal. "Apple has a robust approach to addressing ethical considerations across our business operations and that addresses the issues raised in the proposal. We believe it's important to be deliberate and thoughtful in the development and deployment of artificial intelligence, and that companies think through the consequences of new technology before releasing it - something we've always been deeply committed to at Apple. Social issues raised in the proposal, like discrimination, bias, and privacy may be implicated by AI technologies, but are not unique to the application of AI. Accordingly, our existing guidelines, policies, and procedures already address the social issues raised... Apple's world-class machine learning and AI research team, led by our Senior Vice President of Machine Learning and AI Strategy, collaborates with teams across Apple to drive breakthrough advancements in machine learning, and we

have a dedicated Apple Machine Learning Research website where we provide meaningful visibility into our machine learning research and aim to make our products and services incorporating machine learning easy to understand... Our management Privacy Steering Committee sets privacy standards for teams across Apple and acts as an escalation point for addressing privacy compliance issues... The scope of the requested report is overly broad and could encompass disclosure of strategic plans and initiatives harmful to our competitive position. This proposal addresses our use of artificial intelligence across our "business operations." The proposal does not focus on any specific novel use of AI at Apple and, in fact, references well-established applications of software such as automation of systems."

**PIRC Analysis :** Ethical management of Artificial Intelligence (AI) is increasingly seen as a material issue in society. Several studies link the use of AI for policing purposes to negatively impact racial equity. Issues resulting from ineffective management of AI-related risks can lead to reputational, compliance and value creation risks, but issues tied to technological development are not solely or even mainly related to risk, but also to opportunity. As such, it is supported that the company should take actions to ready itself for technological change. the disclosure proposed here by would strengthen the application of internal effective controls to ensure that Artificial Intelligence systems do not promote, incite or glorify hatred, violence, racial, sexual or religious intolerance and include communities in avoiding the company reputational damage, regulatory risk and damage to relationships with key stakeholders such as customers and employees. Support is recommended.

Vote Cast: *For*

Results: For: 36.5, Abstain: 2.7, Oppose/Withhold: 60.8,

#### 8. *Shareholder Resolution: Congruency Report on Privacy and Human Rights*

**Proponent's argument:** National Legal and Policy Center "request the Board of Directors issue a report by March 31,2025, at reasonable cost and omitting proprietary or confidential information, analyzing the congruency of the Company's privacy and human rights policy positions with its actions, especially in such places as war zones and under oppressive regimes, as they impact how the Company maintains its reputation, viability and profitability... Inconsistency and incongruity persist between articulated and published policies and actual practices and operations, and pose substantial risk to companies, their customers, and society at large... For example in China, the Company severely restricted use of its AirDrop wireless filesharing feature on users' iPhones during protests against Chairman Xi Jinping's "zero COVID" policies in late 2022. Similarly, in 2017 Apple removed the New York Times's apps from the App Store in China in 2017, and removed apps including HKmap.live and Quartz from its offerings, during the protests in Hong Kong in 2019. Yet upon the invasion into Ukraine, the Company halted the sale of all its products in Russia and stopped exports into the country... Considering these examples, it appears the Company's principles to "empower and connect people" as "a force for good" – while remaining "engaged" even where it disagrees with a government and its laws, by still making its products "available" to users – has its limits.

**Company's response:** The board recommended a vote against this proposal. "Apple has long been committed to respecting human rights, and we view that commitment as a core part of our values and our mission to enrich people's lives. We also believe privacy is a fundamental human right and innovate to build industry-leading privacy and security features into our products...In July 2023, we published our Civil Rights Assessment report prepared by former U.S. Attorney General Eric Holder and his team at Covington & Burling LLP. The report reviews Apple's extensive efforts to respect civil rights and to promote diversity, equity, and inclusion and live by its core values, including accessibility, inclusion and diversity, and privacy... We are transparent about our approach to complex situations and commitment to engagement. We're required to comply with local laws, and at times there are complex considerations and issues where we may disagree with governments and other stakeholders on the most appropriate path or outcome... Our robust policies and disclosures are publicly available and the requested report would not provide additional material information. We publish extensive reports on how our efforts align with our human rights and privacy policies, so the requested report would not provide shareholders with any additional material information... Our Board maintains active oversight of these areas. Apple's Board is responsible for overseeing and periodically reviewing Apple's Human Rights Policy, while Apple's General Counsel is responsible for its ongoing implementation and reports to the Board and its committees on progress and any significant issues identified in the diligence process."

**PIRC analysis:** The requested disclosure on the involvement with businesses in China as a human rights violator appears to be a spoiler resolution to prevent other shareholders from filing resolutions regarding the company's involvement on human rights controversial activities globally and focuses on geopolitical threats with the clear intent to ensure that conservative views on international relations be represented within the company's global activities, as opposed to promoting transparency and accountability around the potential benefits of global operations conducted fairly, and requesting transparency over the financial impact from non-traditionally financial issues to avoid any suspicion and any damage that may cause to the company's reputation. A report on the human rights impact of the company's operations that may

be potentially complicit in China's human rights abuses would be in shareholders' interests, but such a proposal does not seem to be in the interest of the proponent. Rather, this proposal appears to use human rights as an argument to ask the company to withdraw from doing business with China, in a view that considered it to be a geopolitical threat to the US and without actual interest in human rights in that country.

Vote Cast: *Oppose*

Results: For: 1.6, Abstain: 1.2, Oppose/Withhold: 97.2,

## APPLIED MATERIALS INC AGM - 07-03-2024

### 4. *Shareholder Resolution: Lobbying Report*

**Proponent's Argument:** Kenneth Steiner asks the Board of Directors to fully disclose lobbying activities and expenditures to assess whether our company's lobbying is consistent with its expressed goals and shareholder interests. "Applied Materials spent USD 15 million from 2010 – 2022 on federal lobbying. This does not include state lobbying, where Applied Materials also lobbies but disclosure is uneven or absent. For example, Applied Materials spent over USD 1.5 million on lobbying in California from 2010 – 2022. Applied Materials also lobbies abroad, spending between EUR 200,000 – 299,999 on lobbying in Europe for 2022. And chip makers' lobbying over curbs on sales to China has drawn media attention. Companies can give unlimited amounts to third party groups that spend millions on lobbying and undisclosed grassroots activity, and these groups may be spending at least double what's publicly reported. Applied Materials' lack of disclosure presents reputational risk when its lobbying contradicts company public positions."

**Company's Response:** The Board of Directors recommends a vote against this proposal. "We are committed to transparently disclosing information regarding our lobbying and political activities. In recognition of the importance of this topic to shareholders and other stakeholders, we have for many years provided extensive disclosures regarding our lobbying activities, including our federal lobbying expenditures and our trade association memberships, as well as our political spending, in our annual Sustainability Report and on the corporate responsibility page of our website in the Public Policy Reports section. We have appropriate Board- and management-level procedures in place to oversee our lobbying and political activities. The Corporate Governance and Nominating Committee of the Board, comprised entirely of independent directors, oversees our public policy activities and receives an annual report detailing our political contributions and policies relating to our political giving and activities. The Board ultimately believes that the Company should be an effective participant in the political process, including through lobbying activities and participation in trade and industry associations. As a leader in the technology industry, our participation in lobbying activities is a result of careful consideration of political and legislative matters that may have an impact on the Company or our strategy and allows us to advocate for our policy positions, share our business expertise, and be part of public education efforts regarding issues facing our industry and the business community."

**PIRC analysis:** The transparency and completeness of the Company's reporting on lobbying expenditures related to climate is considered insufficient. The proposal is advisory and is considered adequately worded to respect the prerogatives of the board. It is considered that the proposal does not mean to undermine the past work of the company in this respect, or the positive role of these associations in some aspects. Steps forward are encouraging, and the company has demonstrated ability to monitor and act, when the work of some associations have come into conflict with the company's support of the Paris Agreement. Although company's contributions to trade associations do not necessarily equate with that association's political or lobbying activities, it is considered to be to the benefit of the Company and its shareholders to be open about those activities, especially if they are antithetical to its published statements about climate risk and how it is attempting to manage this. In this sense, a vote in favour is recommended as a way to show shareholders' support for the board efforts to oversee and manage its relationships with industry associations, whose positioning may not align with either the position adopted by the company or the interests of long-term investors.

Vote Cast: *For*

Results: For: 16.5, Abstain: 1.4, Oppose/Withhold: 82.0,

### 5. *Shareholder Resolution: Pay Equity Reporting*

**Proponent's Argument:** Ronald Strom and Catherine Pascal are asking the Board of Directors to disclose pay equity reporting in relation to racial and gender pay



gaps. "Pay inequities persist across race and gender and pose substantial risks to companies and society. Black workers' median annual earnings represent 77 percent of white wages. The median income for women working full time is 84 percent that of men. Intersecting race, Black women earn 76 percent and Latina women 63 percent. At the current rate, women will not reach pay equity until 2059, Black women in 2130, and Latina women in 2224. Actively managing pay equity is associated with improved representation. Diversity in leadership is linked to superior stock performance and return on equity. Underrepresented minorities represent 19 percent of Applied Materials's workforce and 5 percent of executives. Women represent 19 percent of the workforce and 13 percent of executives. Applied Materials does not report quantitative unadjusted or adjusted pay gaps. About 50 percent of the 100 largest U.S. employers currently report adjusted gaps, and an increasing number of companies disclose unadjusted gaps to address the structural bias women and minorities face regarding job opportunity and pay."

**Company's Response:** The Board of Directors recommends a vote against this proposal. "We are committed to the philosophy of providing equitable compensation for our employees that accounts for employees' roles, organizational levels, and geographic locations. To ensure that we are consistently living up to that compensation philosophy, we conduct pay parity analyses and review our global pay practices annually, and adjust employee compensation where warranted. In our engagement with shareholders, we have heard from certain shareholders that additional disclosure regarding our pay practices would be beneficial. Accordingly, and as part of our continued commitment to enhanced transparency and accountability, we will annually disclose adjusted pay ratios by gender for our employees, both globally and for our U.S. employees, and by minorities compared to non-minorities for our U.S. employees, beginning with our 2023 Sustainability Report, which is scheduled to be published in June 2024. Our adjusted pay ratios will reflect total compensation, consisting of base salary, cash bonus and stock awards. We believe that adjusted pay ratios better reflect pay equity as the ratios take into account factors such as employees' roles, organizational levels, and geographic locations. These disclosures should advance shareholder understanding of pay equity at Applied. We do not believe that an unadjusted median pay figure is a meaningful metric for pay equity. An unadjusted median pay ratio measures the difference in pay of two employees whose compensation happens to fall at the midpoint among employees in a given demographic (such as gender or ethnicity), without accounting for valid factors that impact pay, such as employees' roles, organizational levels, and geographic locations. The Board does not believe that the proposal's request that we also report unadjusted median pay ratios across race and gender would provide transparency with respect to pay equity and equal opportunity, and would not enhance an understanding of or accountability for our diversity efforts."

**PIRC analysis:** Disclosure of goals and policies related to the gender pay gap would also be beneficial. As such, the requested report over the risks associated with a gender pay gap on the company's human capital and business is considered in the best interest of shareholders and would underpin the company's efforts in fostering diversity and thereby enhance its reputation. While the company has released statistics surrounding its gender pay parity and it appears to be committed to equal opportunities, it is considered nevertheless beneficial for the company to report on such issues, as the median gender pay gap will show how many or how few women there are in senior positions at the company. A vote for the resolution is recommended.

Vote Cast: *For*

Results: For: 21.1, Abstain: 1.0, Oppose/Withhold: 77.9,

### 3 Oppose/Abstain Votes With Analysis

#### INTUIT INC. AGM - 18-01-2024

##### 1a. *Re-elect Eve Burton - Non-Executive Director*

Independent Non-Executive Director. Chair of the Sustainability Committee. As the Chair of the Sustainability Committee is considered to be accountable for the Company's sustainability programme, and given the concerns over the Company's sustainability policies and practice, an oppose vote is recommended.

Vote Cast: *Oppose*

Results: For: 98.2, Abstain: 0.1, Oppose/Withhold: 1.7,

##### 1g. *Re-elect Suzanne Nora Johnson - Chair (Non Executive)*

Non-Executive Chair of the Board. Not considered independent as owing to a tenure of over nine years. It is considered that the Non-Executive Chair of the Board should be considered independent, irrespective of the level of independence of the Board.

Vote Cast: *Oppose*

Results: For: 93.3, Abstain: 0.1, Oppose/Withhold: 6.7,

##### 1i. *Re-elect Thomas Szkutak - Non-Executive Director*

Independent Non-Executive Director.

During the year under review, litigation against the company has reached an unfavourable verdict and there are concerns over how this could financially or reputationally impact the company. As such, it is not clear that the Audit Committee has performed adequate risk oversight to prevent this issue from leading to damaging legal action. Therefore, opposition is recommended to the election of the Chair of the Audit Committee.

Vote Cast: *Oppose*

Results: For: 98.5, Abstain: 0.1, Oppose/Withhold: 1.5,

##### 2. *Advisory Vote on Executive Compensation*

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: ACC. Based on this rating, abstention is recommended.

Vote Cast: *Abstain*

Results: For: 92.4, Abstain: 0.1, Oppose/Withhold: 7.5,

##### 4. *Appoint the Auditors*

EY proposed. Non-audit fees represented 6.67% of audit fees during the year under review and 4.91% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Oppose*

Results: For: 94.4, Abstain: 0.1, Oppose/Withhold: 5.6,

##### 5. *Amend the 2005 Equity Incentive Plan*

The Board proposes to extend the term of the 2005 Equity Incentive Plan by two years until 10 January 2034 and to increase the share reserve by the issuance of

12,200,000 new shares to the 20,422,576 shares available for issuance under the Plan as of 31 October 2023. The last approval of an increase in share capital was on 20 January 2022 and so the proposed increase exceeds 10% of the total share capital thus opposition is recommended.

Vote Cast: *Oppose*

Results: For: 92.2, Abstain: 0.1, Oppose/Withhold: 7.7,

## ON THE BEACH GROUP PLC AGM - 26-01-2024

### 1. *Receive the Annual Report*

The annual report was made available sufficiently before the meeting and has been audited and certified. However, there are concerns surrounding the sustainability policies and practice at the company. Therefore, it is considered that the annual report and the financial statements may not accurately reflect the material and financial impact of non-traditional financial risks. These concerns should have been addressed in the annual report submitted to shareholders, however the annual report fails to address these concerns adequately and therefore this resolution cannot be supported.

Vote Cast: *Abstain*

Results: For: 99.5, Abstain: 0.5, Oppose/Withhold: 0.0,

### 2. *Approve the Remuneration Report*

Awards made under all schemes during the year are not considered excessive as they do not exceed 200% of base salary. The CEO's salary is below the upper quartile of a peer comparator group. The total combined variable reward paid during the year falls below the 200% recommended threshold and is therefore not considered to be overly excessive. The balance of CEO realised pay with financial performance is not considered acceptable as the change in CEO total pay over five years is not commensurate with the change in TSR over the same period. The ratio of CEO pay compared to that of the average employee falls below the recommended limit of 20:1 and is therefore not considered to be overly excessive.

The expectations for pay schemes for approval for general meetings are: a going rate true market salary, director service contracts approved by vote, a single profit pool to be distributed company wide, exceptional bonuses only and no long-term incentive plans (LTIPs). Executives who are directors have unlimited liability, fiduciary duties and Companies Act s172 and contractual duties. The delivery of objectives covered by these duties should not be additionally rewarded with bonuses or LTIPs but considered part of the job. It is believed that the fallacy of 'alignment' with shareholders needs to be retired. Not only do schemes not align, but executives are employees of the company with duties to it. The duties including the new s172 duties should already set the alignment. It is incongruous to use pay schemes as a vehicle for alternative means of 'alignment' which can actually create a competing set of director 'duties'.

Vote Cast: *Oppose*

Results: For: 90.6, Abstain: 2.3, Oppose/Withhold: 7.1,

### 3. *Re-elect Richard Pennycook - Chair (Non Executive)*

Non-Executive Chair of the Board. As the Company do not have a Board level Sustainability Committee, the Chair of the Board is considered accountable for the Company's sustainability programme. As the Company's sustainability policies and practice are not considered adequate to minimise the material risks linked to sustainability an abstain vote is recommended.

Vote Cast: *Abstain*

Results: For: 97.4, Abstain: 0.5, Oppose/Withhold: 2.1,

### 12. *Re-appoint EY as the Auditors of the Company*

EY proposed. No non-audit fees were paid to the auditors in the past three years. This approach is commended.

In late 2020 International Auditing and Assurance Standards Board (IAASB) produced a consultation entitled, Fraud and Going Concern and refers to the "expectations gap" in the sense that the public expect more of auditors than is expected of them. By reference to conclusions of the BEIS Select Committee of Parliament and High Court decisions, there isn't an expectations gap so far as the UK at least is concerned. Indeed auditor duties in respect of fraud are onerous and in the Barings case at the High Court the issue of negligence didn't merely involve the signing of the public accounts by the audit partner with misstated amounts in, but earlier at the time more junior members of staff missed the fraud when it was smaller reviewing a bank reconciliation (a private and not public document).

The IAASB model of auditing is based on auditors certifying information that is "useful to users". That construct side-steps the crucial duties auditors have for the benefit of the company itself as the Barings case demonstrated. In PIRC's view that model fuels an unwarranted expectations gap and, if audits are limited by the standards misdirect the focus of audits to being "useful for users", a delivery gap because the legal standard and duty is broader than the standards themselves state. PIRC has therefore asked the IAASB to reissue its consultation and has also written to the largest accounting firms to repudiate the IAASB consultation and confirm that the concept of an 'expectations gap' does not limit the scope of their work. In parallel PIRC has reviewed responses from the largest accounting firms to the IAASB determine whether they were encouraging or refuting the concept of an expectations gap. Both Deloitte and BDO correctly referred to the "expectations gap" being dependent on local laws. Both firms also referred to problems with international auditing standards and international accounting standards. BDO went so far as to make other recommendations as well. Mazars did similar in giving evidence to the BEIS Select Committee. In the absence of similar statements from PwC, KPMG, EY or Grant Thornton, PIRC is unable to support re-election or re-appointment of those firms as auditors.

Vote Cast: *Oppose*

Results: For: 99.5, Abstain: 0.0, Oppose/Withhold: 0.5,

#### 16. *Issue Shares for Cash*

The authority sought exceeds the recommended 5% maximum of the Company's issued share capital and expires at the next AGM. An oppose vote is recommended.

Vote Cast: *Oppose*

Results: For: 99.4, Abstain: 0.0, Oppose/Withhold: 0.6,

#### 17. *Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment*

The Board is seeking approval to issue up to an additional 10% of the Company's issued share capital for cash for use only in connection with an acquisition or a specified capital investment. Such proposal is not supported. Best practice would be to seek a specific authority from shareholders in relation to a specific transaction if such situation arises. As this is not the case, an oppose vote is therefore recommended.

Vote Cast: *Oppose*

Results: For: 98.3, Abstain: 0.0, Oppose/Withhold: 1.7,

#### 18. *Authorise Share Repurchase*

The authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. This resolution will not be supported unless the Board has set forth a clear, cogent and compelling case demonstrating how the authority would benefit long-term shareholders. As no clear justification was provided by the Board, an oppose vote is recommended.

Vote Cast: *Oppose*

Results: For: 99.5, Abstain: 0.0, Oppose/Withhold: 0.5,

## AJ BELL PLC AGM - 30-01-2024

### 1. *Receive the Annual Report*

The annual report was made available sufficiently before the meeting and has been audited and certified. However, there are concerns surrounding the sustainability policies and practice at the company and the lack of board level accountability for sustainability issues. Therefore, it is considered that the annual report and the financial statements may not accurately reflect the material and financial impact of non-traditional financial risks. These concerns should have been addressed in the annual report submitted to shareholders, however the annual report fails to address these concerns adequately and therefore this resolution cannot be supported.

Vote Cast: *Abstain*

### 2. *Approve the Remuneration Report*

Awards granted to Directors under the Company's variable remuneration schemes are considered excessive as they exceeded 200% of base salary during the year under review. The CEO's salary is below the upper quartile of a peer comparator group. The total combined variable reward paid during the year falls below the 200% recommended threshold and is therefore not considered to be overly excessive. The balance of CEO realised pay with financial performance is not considered acceptable as the change in CEO total pay over five years is not commensurate with the change in TSR over the same period. The ratio of CEO pay compared to that of the average employee exceeds the recommended limit of 20:1 and is therefore not considered appropriate.

The expectations for pay schemes for approval for general meetings are: a going rate true market salary, director service contracts approved by vote, a single profit pool to be distributed company wide, exceptional bonuses only and no long-term incentive plans (LTIPs). Executives who are directors have unlimited liability, fiduciary duties and Companies Act s172 and contractual duties. The delivery of objectives covered by these duties should not be additionally rewarded with bonuses or LTIPs but considered part of the job. It is believed that the fallacy of 'alignment' with shareholders needs to be retired. Not only do schemes not align, but executives are employees of the company with duties to it. The duties including the new s172 duties should already set the alignment. It is incongruous to use pay schemes as a vehicle for alternative means of 'alignment' which can actually create a competing set of director 'duties'.

Vote Cast: *Oppose*

### 6. *Re-elect Peter Birch - Executive Director*

Executive Director. Acceptable service contract provisions. In addition, Mr. Birch has delegated authority to manage ESG strategy. As the Company do not have a Board Level Sustainability Committee, and the Board Chair is newly appointed, the Chief Financial Officer is considered accountable for the Company's sustainability programme. As such, given that the Company's sustainability policies and practice are not considered to be adequate in order to minimize material risks linked to sustainability, an abstain vote is recommended.

Vote Cast: *Abstain*

### 17.2. *Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment*

The Board is seeking approval to issue up to an additional 5% of the Company's issued share capital for cash for use only in connection with an acquisition or a specified capital investment. Such proposal is not supported as it is considered that the 5% limit sought under the general authority above is sufficient. Best practice would be to seek a specific authority from shareholders in relation to a specific transaction if such situation arises. As this is not the case, an oppose vote is therefore recommended.

Vote Cast: *Oppose*

### 18. *Authorise Share Repurchase*

The authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. This resolution will not be supported unless the Board has set forth a clear, cogent and compelling case demonstrating how the authority would benefit long-term shareholders. As no clear justification was provided by the Board, an oppose vote is recommended.

Vote Cast: *Oppose*

## APPLE INC AGM - 28-02-2024

### 1a. *Elect Wanda Austin*

Independent Non-Executive Director. However, there are a number of concerns relating to the company, in particular regarding the use of anti-competitive practice, treatment of the workforce, and alleged irresponsible business practices. It is considered that the volume of issues regarding the Company suggests a fundamental problem with the corporate culture at the Board level, and raises serious concerns about supervisory failure. For these reasons, it is recommended to oppose the re-election of Board Directors.

Vote Cast: *Oppose*

Results: For: 99.3, Abstain: 0.2, Oppose/Withhold: 0.5,

### 1b. *Elect Tim Cook*

Chief Executive.

The company has been accused of anti-competitive practices. While no wrongdoing has been identified at this time, there are nevertheless concerns over the potential impact of these allegations and it is recommended to abstain from supporting the CEO, who is considered to be accountable for these matters. On 15 December 2023, a complaint was filed in an Illinois federal court by Mirage Wine & Spirits, who claimed that Apple entered into anti-competitive agreements with Visa and Mastercard causing higher fees for debit and credit transactions. Allegedly, the agreement prevented other payment systems from competing with the credit card companies' point of sale transaction payment networks. According to the lawsuit, Visa and Mastercard were paid a portion of transaction fees by Apple for purchases made on Visa and Mastercard networks using Apple pay services. This lawsuit followed similar cases brought by other payment issuers such as Venmo and Cash App, who sued Apple in September 2023 over its suppression of competition over peer to peer payments. Furthermore, on 1 April 2023, Apple won a bid to end the UK's Competition and Markets Authority (CMA) probe into its mobile browser and cloud gaming dominance, on a technicality. Apple successfully argued that the regulator should have opened the investigation earlier, at the same time it opened its mobile ecosystems report in June 2022. Previously, on 22 November 2022, the CMA announced an investigation into Apple and Google's control of the mobile browser market. In addition, on 25 July 2023, it was reported that Apple is being sued for USD 1 billion by UK app developers over App Store fees. App makers are charged 15 percent to 30 percent by Apple in commission when using its in-app payment system, which has been criticised by antitrust regulators. Professor Sean Ennis, from the University of East Anglia Centre for Competition Policy, is bringing the class action lawsuit on behalf of 1,566 app creators.

There are recent allegations of product safety issues affecting the company, and while no wrongdoing has yet been identified, there are concerns about the potential legal and reputational implications of this upon the company. On 1 November 2023, a London (UK) tribunal ruled that a mass lawsuit against Apple could go ahead. The lawsuit represented 24 million iPhone users across the UK and sought for damages valued at up to GBP 1.6 billion. The lawsuit alleged that Apple knowingly concealed battery issues in the devices by imposing software updates and power management tools with poor performance. Apple denied the claims regarding defective batteries. However, the company reported increased complaints about "unexpected power offs" since autumn 2016.

Furthermore, there have been allegations over the company's labour practices. While no wrongdoing has been identified at this time, there are concerns about how

potentially failing to meet expectations in labour management could impact the company's ability to retain or attract talents, as well as its reputation. It is considered that the company should not rely on compliance with law as a minimum, but aiming at best practice. On 31 January 2023, Kaylo Blado, spokesperson of US National Labour Relations Board (NLRB), stated that the NLRB general counsel's office found out that "various work rules, handbook rules, and confidentiality rules" imposed by Apple "tend to interfere with, restrain or coerce employees" from exercising their rights to collective action. She said that the agency found sufficient evidence to back up the allegations of workplace harassment and suppression of organised labour against the tech giant made by two of its employees.

In addition, the company has been found to have violated labour or employment standards and there are concerns over how this can affect both the company's workers and its reputation. On 9 November 2023, the U.S. Justice Department (DOJ) announced a settlement with Apple over claims that the Company favoured the hiring of immigrant workers over U.S. citizens and green card holders. The DOJ fined the Company under the anti-discrimination provisions of the Immigration and Nationality Act via its hiring processes under the PERM (permanent labour certification program). Investigations by the DOJ from February 2019 found that Apple advertised PERM positions less effectively by considering mail applications only and not advertising on its external website. The DOJ found that consequently "less effective recruitment procedures nearly always resulted in few or no applications to PERM positions from applicants whose permission to work does not expire." Ultimately, there are a number of concerns relating to the company, in particular regarding the use of anti-competitive practice, treatment of the workforce, and alleged irresponsible business practices. It is considered that the volume of issues regarding the Company suggests a fundamental problem with the corporate culture at the Board level, and raises serious concerns about supervisory failure. It is recommended to oppose the re-election of Board Directors.

*Vote Cast: Oppose*

*Results: For: 98.3, Abstain: 0.2, Oppose/Withhold: 1.5,*

#### *1c. Elect Alex Gorsky*

Independent Non-Executive Director. However, there are a number of concerns relating to the company, in particular regarding the use of anti-competitive practice, treatment of the workforce, and alleged irresponsible business practices. It is considered that the volume of issues regarding the Company suggests a fundamental problem with the corporate culture at the Board level, and raises serious concerns about supervisory failure. For these reasons, it is recommended to oppose the re-election of Board Directors.

*Vote Cast: Oppose*

*Results: For: 98.0, Abstain: 0.2, Oppose/Withhold: 1.8,*

#### *1d. Elect Andrea Jung*

Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. Furthermore, there are a number of concerns relating to the company, in particular regarding the use of anti-competitive practice, treatment of the workforce, and alleged irresponsible business practices. It is considered that the volume of issues regarding the Company suggests a fundamental problem with the corporate culture at the Board level, and raises serious concerns about supervisory failure. For these reasons, it is recommended to oppose the re-election of Board Directors.

*Vote Cast: Oppose*

*Results: For: 94.5, Abstain: 0.2, Oppose/Withhold: 5.3,*

#### *1e. Elect Art Levinson*

Non-Executive Chair, not considered to be independent owing to a tenure of over nine years. It is a generally accepted norm of good practice that the Chair of the Board should act with a proper degree of independence from the Company's management team when exercising his or her oversight of the functioning of the Board. Furthermore, as the Company has not constituted a Sustainability Committee, the Chair of the Board is considered accountable for the Company's sustainability programme and the programme is not considered adequate to minimise the material risks linked to sustainability. More widely, there are a number of concerns relating to the company, in particular regarding the use of anti-competitive practice, treatment of the workforce, and alleged irresponsible business practices. It is considered that the volume of issues regarding the Company suggests a fundamental problem with the corporate culture at the Board level, and raises serious concerns about

supervisory failure. For these reasons, it is recommended to oppose the re-election of Board Directors.

Vote Cast: *Oppose*

Results: For: 93.6, Abstain: 0.2, Oppose/Withhold: 6.1,

#### 1f. *Elect Monica Lozano*

Independent Non-Executive Director. However, there are a number of concerns relating to the company, in particular regarding the use of anti-competitive practice, treatment of the workforce, and alleged irresponsible business practices. It is considered that the volume of issues regarding the Company suggests a fundamental problem with the corporate culture at the Board level, and raises serious concerns about supervisory failure. For these reasons, it is recommended to oppose the re-election of Board Directors.

Vote Cast: *Oppose*

Results: For: 99.0, Abstain: 0.2, Oppose/Withhold: 0.8,

#### 1g. *Elect Ron Sugar*

Non-Executive Director, Chair of the Audit Committee. Not considered independent owing to a tenure of over nine years. It is considered that audit committees should be comprised exclusively of independent members, including the chair. Furthermore, there are a number of concerns relating to the company, in particular regarding the use of anti-competitive practice, treatment of the workforce, and alleged irresponsible business practices. It is considered that the volume of issues regarding the Company suggests a fundamental problem with the corporate culture at the Board level, and raises serious concerns about supervisory failure. For these reasons, it is recommended to oppose the re-election of Board Directors.

Vote Cast: *Oppose*

Results: For: 96.2, Abstain: 0.2, Oppose/Withhold: 3.6,

#### 1h. *Elect Sue Wagner*

Non-Executive Director and member of the Audit Committee. Not considered to be independent as the director is considered to be connected with a significant shareholder: Susan L. Wagner serves on the board of BlackRock. It is considered that the Audit Committee should consist of a majority of independent directors. There is insufficient independent representation on the Audit Committee, regardless of the independent representation on the Board as a whole. Furthermore, there are a number of concerns relating to the company, in particular regarding the use of anti-competitive practice, treatment of the workforce, and alleged irresponsible business practices. It is considered that the volume of issues regarding the Company suggests a fundamental problem with the corporate culture at the Board level, and raises serious concerns about supervisory failure. For these reasons, it is recommended to oppose the re-election of Board Directors.

Vote Cast: *Oppose*

Results: For: 98.1, Abstain: 0.2, Oppose/Withhold: 1.7,

#### 2. *Appoint EY as Auditors*

EY proposed. Non-audit fees represented 19.70% of audit fees during the year under review and 19.18% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Oppose*

Results: For: 98.4, Abstain: 0.3, Oppose/Withhold: 1.3,

#### 3. *Advisory Vote on Executive Compensation*

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects



the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: ADC. Based on this rating, opposition is recommended.

Vote Cast: *Oppose*

Results: For: 91.8, Abstain: 0.5, Oppose/Withhold: 7.7,

#### 4. Shareholder Resolution: EEO Policy Risk Report

**Proponent's argument:** National Center for Public Policy Research proposes that the Company "issue a public report detailing the potential risks associated with omitting "viewpoint" and "ideology" from its written equal employment opportunity (EEO) policy. The report should be available within a reasonable timeframe, prepared at a reasonable expense and omit proprietary information... Apple's lack of a company-wide best practice EEO policy sends mixed signals to company employees and prospective employees and calls into question the extent to which individuals are protected due to inconsistent state policies and the absence of federal protection for partisan activities. Approximately half of Americans live and work in a jurisdiction with no legal protections if their employer takes action against them for their political activities... There is ample evidence that individuals with conservative viewpoints may face discrimination at Apple... Presently shareholders are unable to evaluate how Apple prevents discrimination towards employees based on their ideology or viewpoint, mitigates employee concerns of potential discrimination, and ensures a respectful and supportive work atmosphere that bolsters employee performance. Without an inclusive EEO policy, Apple may be sacrificing competitive advantages relative to peers while simultaneously increasing company and shareholder exposure to reputational and financial risks. We recommend that the report evaluate risks including, but not limited to, negative effects on employee hiring and retention, as well as litigation risks from conflicting state and company anti-discrimination policies."

**Company's response:** The board recommended a vote against this proposal. "We are committed to nurturing a culture where every great idea can be heard and where everyone belongs, including those with differing viewpoints and ideologies. Inclusion and diversity is one of Apple's values, which means we want every employee to feel a sense of belonging in the workplace, where their perspectives are respected, sought out, and considered fairly. We believe that when we create a workplace where everyone feels comfortable sharing their diverse experiences and perspectives, we remove the barriers that prevent people from being fully engaged and, in turn, facilitate creativity and productivity... Our policies already address the proposal's concern and therefore a report would not provide additional material information. Because our commitment to a respectful and inclusive workplace is broadly scoped and embedded across our policies, practices, and trainings, we believe the risk to Apple of omitting viewpoint or ideology specifically from our Equal Employment Opportunity Policy (EEO Policy) is low, and a report on potential risks would not provide material additional information to shareholders... Our Board maintains active oversight. Our People and Compensation Committee assists the Board in its oversight of management's strategies, policies, and practices relating to Apple's people and teams, including with respect to inclusion and diversity, culture and employee engagement, talent recruitment, development, and retention, and our Audit Committee assists the Board in its oversight of matters relating to business conduct and legal and regulatory compliance. Further, our Nominating Committee oversees Apple's shareholder engagement strategy and response to shareholder proposals and oversaw Apple's recently completed Civil Rights Assessment published in July 2023."

**PIRC analysis:** The potential benefits of staff diversity lie in widening the perspectives on human resources brought to bear on decision-making, avoiding too great a similarity of attitude and helping companies understand their workforces as a kaleidoscope of customers, marketplace, supply chain and society as a whole. Disclosure surrounding the company's staff composition allows shareholders to consider diversity in the context of the long-term interests of the company, including the ability to attract and retain key talent. Disclosure of a policy to improve diversity and goals that have been set to meet this policy also reassures shareholders that a diverse board is not just an aspiration but a goal. However, this resolution appears to be filed by a right-wing policy think tanks as a spoiler resolution to prevent other shareholders from filing resolutions regarding the company's diversity and focuses on ideological diversity with the clear intent to ensure that conservative views are represented on the board as well as so-called liberal perspectives. Given the diversity that already exists on company's staff, a vote against the resolution is recommended.

Vote Cast: *Oppose*

Results: For: 1.3, Abstain: 1.1, Oppose/Withhold: 97.6,

#### 8. Shareholder Resolution: Congruency Report on Privacy and Human Rights

**Proponent's argument:** National Legal and Policy Center "request the Board of Directors issue a report by March 31,2025, at reasonable cost and omitting proprietary

or confidential information, analyzing the congruency of the Company's privacy and human rights policy positions with its actions, especially in such places as war zones and under oppressive regimes, as they impact how the Company maintains its reputation, viability and profitability... Inconsistency and incongruity persist between articulated and published policies and actual practices and operations, and pose substantial risk to companies, their customers, and society at large... For example in China, the Company severely restricted use of its AirDrop wireless filesharing feature on users' iPhones during protests against Chairman Xi Jinping's "zero COVID" policies in late 2022. Similarly, in 2017 Apple removed the New York Times's apps from the App Store in China in 2017, and removed apps including HKmap.live and Quartz from its offerings, during the protests in Hong Kong in 2019. Yet upon the invasion into Ukraine, the Company halted the sale of all its products in Russia and stopped exports into the country... Considering these examples, it appears the Company's principles to "empower and connect people" as "a force for good" – while remaining "engaged" even where it disagrees with a government and its laws, by still making its products "available" to users – has its limits.

**Company's response:** The board recommended a vote against this proposal. "Apple has long been committed to respecting human rights, and we view that commitment as a core part of our values and our mission to enrich people's lives. We also believe privacy is a fundamental human right and innovate to build industry-leading privacy and security features into our products...In July 2023, we published our Civil Rights Assessment report prepared by former U.S. Attorney General Eric Holder and his team at Covington & Burling LLP. The report reviews Apple's extensive efforts to respect civil rights and to promote diversity, equity, and inclusion and live by its core values, including accessibility, inclusion and diversity, and privacy... We are transparent about our approach to complex situations and commitment to engagement. We're required to comply with local laws, and at times there are complex considerations and issues where we may disagree with governments and other stakeholders on the most appropriate path or outcome... Our robust policies and disclosures are publicly available and the requested report would not provide additional material information. We publish extensive reports on how our efforts align with our human rights and privacy policies, so the requested report would not provide shareholders with any additional material information... Our Board maintains active oversight of these areas. Apple's Board is responsible for overseeing and periodically reviewing Apple's Human Rights Policy, while Apple's General Counsel is responsible for its ongoing implementation and reports to the Board and its committees on progress and any significant issues identified in the diligence process."

**PIRC analysis:** The requested disclosure on the involvement with businesses in China as a human rights violator appears to be a spoiler resolution to prevent other shareholders from filing resolutions regarding the company's involvement on human rights controversial activities globally and focuses on geopolitical threats with the clear intent to ensure that conservative views on international relations be represented within the company's global activities, as opposed to promoting transparency and accountability around the potential benefits of global operations conducted fairly, and requesting transparency over the financial impact from non-traditionally financial issues to avoid any suspicion and any damage that may cause to the company's reputation. A report on the human rights impact of the company's operations that may be potentially complicit in China's human rights abuses would be in shareholders' interests, but such a proposal does not seem to be in the interest of the proponent. Rather, this proposal appears to use human rights as an argument to ask the company to withdraw from doing business with China, in a view that considered it to be a geopolitical threat to the US and without actual interest in human rights in that country.

Vote Cast: *Oppose*

Results: For: 1.6, Abstain: 1.2, Oppose/Withhold: 97.2,

## APPLIED MATERIALS INC AGM - 07-03-2024

### 1b.. *Re-elect Judy Bruner - Non-Executive Director*

Independent Non-Executive Director, and chair of the nomination committee. Non-Executive Director and chair of the nomination committee. At this time, individual attendance record at board and committee meetings is not disclosed. This prevents shareholders from making an informed assessment on the fulfilment of fiduciary duties and the time that directors commit to the company. It is considered that the chair of nomination committee be responsible for inaction in terms of lack of disclosure. Opposition is recommended.

Vote Cast: *Oppose*

Results: For: 94.2, Abstain: 0.3, Oppose/Withhold: 5.5,

### 1c.. *Re-elect Xun (Eric) Chen - Non-Executive Director*

Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

Results: For: 98.1, Abstain: 0.2, Oppose/Withhold: 1.7,

### 1d.. *Re-elect Aart J. de Geus - Non-Executive Director*

Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

Results: For: 97.4, Abstain: 0.2, Oppose/Withhold: 2.4,

### 1f.. *Re-elect Thomas J. Iannotti - Chair (Non Executive)*

Non-Executive Chair of the Board and Chair of the Remuneration Committee. Not considered independent owing to a tenure over nine years. This is a generally accepted norm of good practice that a Chair of the Board should act with a proper degree of independence from the Company's management team when exercising his or her oversight of the functioning of the Board. Being a non-independent Chair is considered to be incompatible with this. Additionally, as the Company has not constituted a Sustainability Committee, the Chair of the Board is considered accountable for the Company's sustainability programme and the programme is not considered adequate to minimise the material risks linked to sustainability. Therefore, opposition is recommended.

Vote Cast: *Oppose*

Results: For: 91.3, Abstain: 0.2, Oppose/Withhold: 8.5,

### 1g. . *Re-elect Alexander A. Karsner - Non-Executive Director*

Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

Results: For: 92.7, Abstain: 0.2, Oppose/Withhold: 7.1,

## 2. *Advisory Vote on Executive Compensation*

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: ACA. Based on this rating, abstention is recommended.

Vote Cast: *Abstain*

Results: For: 91.2, Abstain: 0.4, Oppose/Withhold: 8.4,

## 3. *Appoint the Auditors*

KPMG proposed. Non-audit fees represented 2.54% of audit fees during the year under review and 1.61% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Oppose*

Results: For: 95.3, Abstain: 0.2, Oppose/Withhold: 4.5,



## 4 Appendix

The regions are categorised as follows:

ASIA	China; Hong Kong; Indonesia; India; South Korea; Laos; Macao; Malaysia; Philippines; Singapore; Thailand; Taiwan; Papua New Guinea; Vietnam
SANZA	Australia; New Zealand; South Africa
EUROPE/GLOBAL EU	Albania; Austria; Belgium; Bosnia; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; France; Finland; Germany; Greece; Hungary; Ireland; Italy; Latvia; Liechtenstein; Lithuania; Luxembourg; Moldova; Monaco; Montenegro; Netherlands; Norway; Poland; Portugal; Spain; Sweden; Switzerland
JAPAN	Japan
USA/CANADA	USA; Canada; Bermuda
UK/BRIT OVERSEAS	UK; Cayman Islands; Gibraltar; Guernsey; Jersey
SOUTH AMERICA	Argentina; Bolivia; Brazil; Chile; Colombia; Costa Rica; Cuba; Ecuador; El Salvador; Guatemala; Honduras; Mexico; Nicaragua; Panama; Paraguay; Peru; Uruguay; Venezuela
REST OF WORLD	Any Country not listed above

The following is a list of commonly used acronyms and definitions.

Acronym	Description
AGM	Annual General Meeting
CEO	Chief Executive Officer
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FY	Financial Year
KPI	Key Performance Indicators - financial or other measures of a company's performance
LTIP	Long Term Incentive Plan - Equity based remuneration scheme which provides stock awards to recipients
NED	Non-Executive Director
NEO	Named Executive Officer - Used in the US to refer to the five highest paid executives
PLC	Publicly Listed Company
PSP	Performance Share Plan
ROCE	Return on Capital Employed
SID	Senior Independent Director
SOP	Stock Option Plan - Scheme which grants stock options to recipients
TSR	Total Shareholder Return - Stock price appreciation plus dividends

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