

BMC Voting principals

ESG is a core part of the Brock Milton Capital investing process, from investment selection all the way through to engagement with the portfolio companies regarding their ESG goals and targets.

Actively voting and engaging with our portfolio companies through their shareholder meetings (“AGM”) are one of the many important engagement avenues we have with our portfolio companies.

AGM’s typically have regular resolutions, following a typical format for companies, regardless of industry. Additionally, companies often have resolutions which are specific to their business, industry or situation.

When it comes to regular resolutions, we aim to use our voting right to make a positive impact and apply the following strict voting policy:

1. Financial Statements:

We will vote for/against the adoption of the Financials, judged by our assessment of whether we foresee any issues with their accounts during our due diligence.

2. Board Member Election/Re-Election:

The gender balance within a board of directors is very important, as is their individual and joint skillset. We believe in a meritocracy, however, actively encourage gender equality and company policies which enable upskilling and executive training. Therefore, we will vote against to any male candidate if the percentage of women within the board is or will become <40%

3. Board Member Compensation:

We view board appointments as a supervisory and stewardship role, rather than a route for personal enrichment. Therefore, we vote against board compensation above 2 MSEK, as a way to cap excessive executive compensation. The limit for Chairmans is 3 MSEK.

4. CEO Compensation:

We firmly believe in a pay-for-performance policy regarding CEO compensation. However in recent years, CEO compensation has gotten to very high levels, often hundreds of times higher than average staff remuneration. Therefore, we vote against CEO salary’s remuneration above 100 MSEK.

5. Auditor Duration of Appointment:

A company’s auditor serves as a check and balance of their accounts, which is vital for shareholders confidence in the veracity of the relevant company’s accounts. A long-term relationship between an auditor and a company can be comfortable but may also lead to the requisite checks lacking in quality or critical objectivity. Therefore, we vote against appointment of an auditor if the duration of appointment is longer than 5 years. This serves as a way to cap the appointment and avoid the risk of long-term relationships resulting in lack of confidence for the quality of the audit function.

In addition to these points, we actively read the companies proxy and assess each point on a case-by-case basis.