



**BetaShares**

Exchange Traded Funds

# STEWARDSHIP REPORT 2020



A photograph of several wind turbines standing on a rolling green hill under a cloudy sky. The turbines are white with three blades each. The hills are covered in lush green grass. In the background, there are more hills and a hazy horizon.

# IMPORTANT NOTICE

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This document is dated May 2021.



A close-up photograph of a person's hands gently cupping a small green plant with dark, rich soil. The background is a blurred forest floor with green leaves and brown twigs. The text 'CONTENTS' is positioned in the upper right, above a grey box containing 'INTRODUCTION'. To the right of this box, the text 'OUR INVESTMENT PROCESS', 'ENGAGEMENT', and 'VOTING' are listed vertically. A solid orange vertical bar runs along the far right edge of the page.

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# INTRODUCTION

As a signatory to the Principles for Responsible Investment (PRI), BetaShares has committed to implementing the principles into our business practices going forward. Specifically, we appreciate that:

“As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

In signing the Principles, we as investors publicly commit to adopting and implementing them, where consistent with our fiduciary responsibilities. We also commit to evaluating the effectiveness and improving the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.”

BetaShares’ range of ethical Exchange Traded Funds (ETFs) were the first ETFs in Australia to combine strict fossil fuel screens with a broad set of responsible investing screens, offering investors ‘true-to-label’ ethical investment options.

By investing in our ethical ETFs, investors entrust us with the job of managing their capital in a way that aligns with their values. This means that our ETFs own shares in companies (or exclude companies) in accordance with clear ethical rules and guidelines.

Just as important, however, investors have a right to expect that we will use our influence as a shareholder in a way that promotes the values embedded in the ETF’s index rules. After all, one of the benefits of being a shareholder is that it gives you a say in how the companies you invest in are run.

We take this stewardship responsibility seriously. The tools we use to undertake this task fall into three categories:

## THE INVESTMENT PROCESS

Is how we ensure the holdings of our ETFs are consistent with the ethically focused index rules that underlie the funds, so that the portfolios continue to meet the expectations of our investors. Stocks will be added or deleted over time in accordance with the specific ethical rules that apply to the indices that the funds aim to track.

## ENGAGEMENT

Is how we seek information from companies about their business practices, and how we communicate our views and expectations.

## VOTING

Is the way in which we express our views as an investor on topics that come before shareholder meetings.



The background of the entire page is an aerial photograph of a dense, lush green forest. The trees are tightly packed, creating a textured canopy of various shades of green. A solid grey horizontal bar spans across the middle of the image, and a solid orange vertical bar runs along the right edge. Text is overlaid on these elements in white, bold, sans-serif capital letters.

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# OUR INVESTMENT PROCESS

The BetaShares range of ethical ETFs consists of the following funds<sup>1</sup>:

## SINGLE ASSET CLASS FUNDS

FUND	ASX TICKER	INVESTMENT EXPOSURE	INDEX
<b>BETASHARES GLOBAL SUSTAINABILITY LEADERS ETF</b>	<b>ETHI</b>	Large global companies (unhedged) <sup>2</sup>	Nasdaq Future Global Sustainability Leaders Index
<b>BETASHARES GLOBAL SUSTAINABILITY LEADERS ETF – CURRENCY HEDGED</b>	<b>HETH</b>	Large global companies (currency hedged) <sup>2</sup>	Nasdaq Future Global Sustainability Leaders Currency Hedged Aud Index
<b>BETASHARES AUSTRALIAN SUSTAINABILITY LEADERS ETF</b>	<b>FAIR</b>	ASX-listed companies	Nasdaq Future Australian Sustainability Leaders Index
<b>BETASHARES SUSTAINABILITY LEADERS DIVERSIFIED BOND ETF - CURRENCY HEDGED</b>	<b>GBND</b>	Global and Australian bonds Global companies	Solactive Australian and Global Select Sustainability Leaders Bond TR Index - AUD Hedged

<sup>1</sup>This is a summary only. Please refer to the respective PDS (available here [www.betashares.com.au](http://www.betashares.com.au)) for more information on each ETF

<sup>2</sup>HETH currently obtains its investment exposure by investing in ETHI



# DIVERSIFIED FUNDS

FUND	ASX TICKER	INVESTMENT EXPOSURE
BETASHARES ETHICAL DIVERSIFIED BALANCED ETF	DBBF	These ethical multi asset funds provide exposure to a passive blending of asset classes, including Australian and global shares and bonds, according to their strategic asset allocations.
BETASHARES ETHICAL DIVERSIFIED GROWTH ETF	DGGF	
BETASHARES ETHICAL DIVERSIFIED HIGH GROWTH ETF	DZZF	

Each of the Single Asset Class funds is an ‘index fund’. This means the objective of the fund is to track the performance of a specific index, before fees and expenses. An index measures the performance of a portfolio of securities that has been constructed in accordance with specific rules (the index rules). Well-known indices include the S&P/ASX 200, and the Nasdaq 100, but there are many others that work the same way. The index that each of our Single Asset Class ethical funds aims to track is set out in the table on the left.

The Diversified funds provide all-in-one exposure to a range of asset classes, and are built using differing combinations of the Single Asset Class ethical funds.

The ethical rules and guidelines that govern how each of the Single Asset Class funds invests are described in detail in the index rules associated with the fund. You can find the index rules for each fund on the BetaShares website. Because the Diversified Funds invest solely in the Single Asset Class funds, the ESG characteristics of the Diversified funds match the characteristics of these underlying funds.

The index rules for the ethical funds incorporate both ‘negative screening’ and ‘positive screening’.

Negative screens are the activities that the fund ‘screens out’, meaning that companies or issuers engaging in these activities are excluded from inclusion within the index, and therefore consideration for investment by the funds.







The activities screened out are summarised below.

ACTIVITY	EXPOSURE GUIDELINES SUMMARY
FOSSIL FUELS (FF)	No exposure to companies with FF reserves, FF infrastructure, or involvement in the mining, extraction or burning of FF; Exclude the top corporate funders of FF.
URANIUM AND NUCLEAR	No exposure to extraction and refining of uranium, or production of nuclear energy. Also removes companies with significant indirect exposures to uranium and nuclear.
GAMBLING	No exposure to companies that manufacture or produce gambling products, tobacco products, pornography or armaments. Also removes companies with significant indirect exposures to these industries.
TOBACCO	
PORNOGRAPHY	
ARMAMENTS	
DESTRUCTION OF VALUABLE ENVIRONMENTS	No exposure to old growth forest logging, the destruction of world heritage listed environments, live animal exports and cosmetic animal testing, and companies that produce or have high use of toxic and damaging chemicals.
ANIMAL CRUELTY	
CHEMICALS OF CONCERN	
ALCOHOL	No exposure to companies that earn more than 20% of their revenues from production or sale of alcohol.
JUNK FOODS	No exposure to companies that earn more than 33% of their revenues from production or sale of junk foods.
HUMAN RIGHTS	Exclude companies associated with human rights violations, forced labour, etc.
BOARD DIVERSITY	Exclude companies with no women on the board of directors



Note there are some differences in the application of some of the screens, depending on the fund. See the PDS, index methodology of each fund for more information or refer to the exposure limit guidelines document on our website.

In addition, each fund incorporates a 'positive screen'. In ETHI, we favour climate leaders, being those companies operating with carbon efficiency that is superior to their industry peers. In FAIR, preference is given to companies with material revenues from a range of specified activities deemed to be sustainable, such as healthcare, green buildings, renewable energy and technology<sup>3</sup>. GBND favours 'green bonds', being bonds that have been issued specifically to fund projects with environmental or climate benefits, and which have independent reviews and annual reports to account for the use of these proceeds.

While the approach to positive screening varies between the funds, the purpose and philosophy is the same: to weight the portfolios towards those companies and issuers that are contributing to a more sustainable future.

Applying the negative and positive screens, as set out in the index rules, is what drives the additions to, and deletions from, our ethical funds.

Set out below is a sample of companies selected for investment, or screened out, during 2020, as a result of the investment process described above:

SCREENED OUT	INCLUDED
<b>Wisr:</b> Excluded for having no women on its board of directors.	<b>Innergex Renewable Energy:</b> Operates hydroelectric facilities, wind farms and solar farms across Canada, the US, Chile and France
<b>Advanced Micro Devices:</b> Excluded for its move into direct armaments production	<b>Pro Medicus:</b> A provider of radiology software and services, it previously failed the gender diversity screen but appointed a woman to its board in 2020
<b>McKesson Corporation:</b> Implicated in the US opioid crisis by virtue of negligent sales practices that generated significant profits from opioid sales	<b>New Energy Solar:</b> Runs solar generation facilities in Australia and the US.
<b>Danske Bank:</b> Implicated in significant anti-money laundering related controversy, resulting in multiple senior resignations, criminal charges against staff, and large fines being considered by financial regulators in multiple countries.	<b>Eurogrid:</b> Through a Climate Bonds Initiative green bond, this German electric utility is financing two offshore connections, Ostwind 1 and Ostwind 2, which connect to wind farms in the Baltic Sea.
<b>Cromwell Property Group:</b> Recently acquired properties in the UK that include casinos, and therefore failed the gambling screen.	<b>Red Eléctrica:</b> Red Eléctrica has issued a green bond certified by the Climate Bonds Initiative, including finance for projects integrating and enhancing the transmission capacity for renewable energy in the grid.
<b>Service Stream:</b> Excluded following its acquisition of Comdain (a business that provides asset management and engineering services to the utility sector) which resulted in an indirect fossil fuel exposure of over 5%.	<b>Stockland:</b> Stockland has a number of green bonds, ranging from funding for new certified green buildings, the installation of solar to support its Logistics business, and to accelerate renewable energy and energy efficiency programs within retirement living centres.

Under the index rules, the responsibility for applying all of the ethical screens rests with a Responsible Investment Committee (RIC). The RIC also determines the proxy voting policies of the funds and drives corporate engagement efforts.

The RIC comprises one BetaShares representative and two external representatives with experience, expertise and background in responsible investing.

<sup>3</sup> The reason for the different positive screens is that the universe of potential ASX-listed investments for FAIR is smaller, with less reliable carbon data, than the universe of global stocks available to ETHI. Accordingly, the positive screen used in FAIR is broader than the positive screen in ETHI.





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# ENGAGEMENT

As set out above, the investment process is designed to ensure that the funds only invest in companies whose business operations meet the strict ethical rules and guidelines described in the index methodology. To ensure these companies stay aligned with the rules, we complement the investment screening with ongoing monitoring of all investee companies in relation to ESG matters. This monitoring is undertaken by the RIC.

If an issue arises in relation to a portfolio holding where the RIC believes there is a potential conflict with the fund's values, or where the RIC believes a company could improve its ESG performance, an engagement exercise is undertaken with the objective of understanding the situation in more detail and as necessary advocating for improvement.

If an investee fails to engage, or fails to commit to improvement, additional actions are considered, with the final point of escalation being the removal of the holding from the relevant fund.

The approach to engagement depends in each case on the unique situation that has prompted the interaction. Our strategy takes into account the company's track record, how proactive it has been in response to the issue, and how willing it is to engage with us.

Some examples of our engagement efforts in 2020 are set out below.

## BLACKROCK

We engaged with BlackRock in mid-2020 in relation to its investment in China Shenhua Energy. China Shenhua Energy is planning to construct an open-cut coal mine in NSW on the traditional lands of the Gomeroi people, who are opposed to the proposed mine due to the presence of historic and culturally significant artefacts at the site.

The RIC asked BlackRock to be transparent about the outcomes of its engagement with China Shenhua Energy on this issue and to consider all actions, including divestment, as a means of creating pressure on the company to preserve the site.

BlackRock confirmed both its concern in relation to the issue, and its commitment to stewardship and continuous engagement with companies on environmental and social issues - including the protection of Indigenous heritage sites across miners' operations. BlackRock confirmed it had met with the company and voiced its concerns and expectations. Blackrock clarified that it held around 1.36% of China Shenhua's total issued capital, with additional exposure held through passive index positions. Blackrock confirmed it had removed companies that generated more than 25% of their revenues from thermal coal production, including China Shenhua, from its active discretionary portfolios as part of its sustainability commitments.



## UBISOFT

Ubisoft was contacted following reports in July 2020 that current and former employees had been accused of sexual misconduct. It was also reported that in at least two instances, managers at Ubisoft were made aware of the sexual misconduct allegations and declined to investigate further. Ubisoft stated that it had “started by launching investigations into the allegations with the support of specialised external consultants.”

The RIC engaged with Ubisoft to better understand the specific actions it planned to take to address these allegations, and ensure staff are protected from harassment and assault. Since the allegations came to light, Ubisoft had made concerted efforts to institute changes to its work environment. The company acknowledged that female representation in its workforce, and the industry generally, was a challenge. It agreed that these company cultural issues needed to change, but stated that in general it had a good staff retention and staff satisfaction rate. Overall, despite the seriousness of the allegations, the RIC formed the view that the company was taking appropriate measures to change its workplace culture in a meaningful way. The RIC resolved to continue to monitor developments and to engage further as required.

## CSL

In April 2020, a report released by Credit Suisse on CSL’s plasma donation facilities in disadvantaged areas of the US alleged that CSL had set up plasma collection centres in poor areas (such as Mexican border towns) and used Spanish language ads with images of wads of cash in order to attract lower income donors. Furthermore, the report raised concerns about the potential long-term health effects of frequent donations, particularly to vulnerable donors.

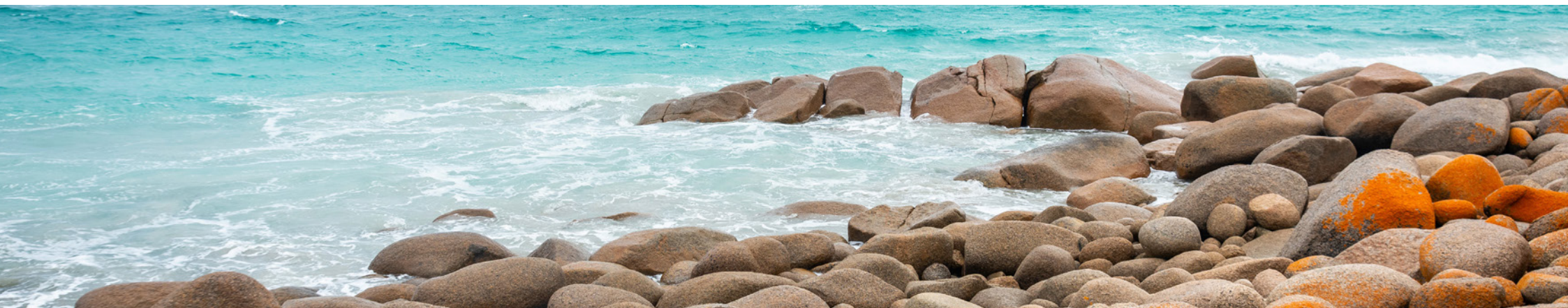
CSL responded stating that many of the allegations were untrue or unsubstantiated. For instance, only 5% of their donation centres were located along the U.S./Mexico border, whereas the report claimed that over half of their collection centres were there. They were also conducting a longitudinal study on the health effects of plasma donations and would be releasing the findings to the public once concluded. As for the Spanish language ads cited in the report, these were actually not authorised by CSL, but rather by a donor on Facebook.

## SEALINK TRAVEL GROUP AND IDP EDUCATION

In September 2020, a report released by Ownership Matters found that at least 25 companies had paid bonuses worth a combined \$24.3 million to their executives after claiming JobKeeper subsidies. Sealink Travel Group and IDP Education were identified as companies that had both paid bonuses to top executives, and received JobKeeper wage subsidies.

The RIC engaged with Sealink, and the company responded by stating that none of the government assistance went into executive bonus pay. Sealink informed the RIC that the Marine & Tourism segment of their business was most interrupted by COVID-19, and that the JobKeeper payments were used to keep the employees from this segment employed. Furthermore, the company disclosed that the CEO took a 20% pay reduction from March to June, and that no redundancies had been made at all. Overall, the RIC formed the view that Sealink had taken adequate measures to protect their staff during this time.

The RIC also engaged with IDP Education, and were informed that the company asked staff to accept a 20% pay reduction in return for a guarantee of no job losses. Both staff and the CEO took a 20% reduction in pay from April. All staff returned to normal pay from October. Executives maintained a 10% pay reduction from October 1st until December 2020. The RIC concluded that these actions did not require additional follow up, and that the company had put forward appropriate actions to remain sensitive to the needs of all staff during COVID.







## CLEANAWAY

The RIC engaged with Cleanaway following revelations of several probes into alleged bullying by the ex-chief executive, who was docked \$2.3 million in performance rights as Cleanaway withdrew a resolution to gift him approximately one million shares at the upcoming AGM. The disclosure in Cleanaway's full-year earnings documents said the reduction in the CEO's STI payment was due to "COVID-19-related challenges". However following allegations of bullying, the board stated the reduction in the STI payment was tied to "concerns identified by the board in relation to [the CEO's] behaviour over this period".

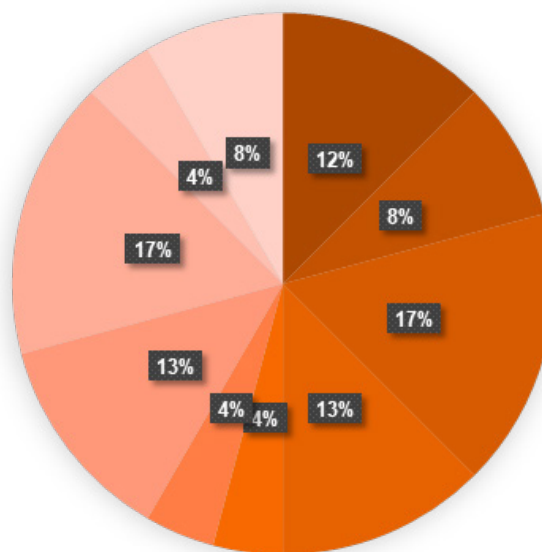
Cleanaway responded by putting a range of measures in place, which included ongoing mentorship from a senior ex-Chairwoman of an ASX-100 company and an incentive mechanism that had been adjusted to factor in culture and employee turnover. The Board would review exit interviews of Executive Leadership Team members, and also established their own informal networks within the business that would be utilised as appropriate to 'take the temperature'.

In a separate issue, three subsidiaries of Cleanaway had been fined by the NSW EPA \$31,500 for alleged waste storage and record keeping offences at its Rutherford, Wetherill Park and Windsor premises. The fines followed a targeted compliance inspection operation by the EPA on Cleanaway premises in multiple locations around the state, which were inspected simultaneously on one day in June 2020. The RIC engaged with Cleanaway on this issue, and Cleanaway responded by stating that they were looking to streamline and simplify their processes and provide ongoing training to ensure there was no confusion about correct process and procedures amongst frontline workers.

In consideration of these measures, the RIC determined it was satisfied with Cleanaway's responses and believed it had taken reasonable measures to rectify the various issues that had cropped up over the previous months. As a follow on, in January 2021, it was reported that Mr Vik Bansal had agreed with the board to leave his position as CEO, which the RIC also viewed as a positive step for the company.

Of the engagements conducted in 2020 some of the key themes are highlighted below:

## BETASHARES ENGAGEMENT 2020



- Deceptive misleading & fraudulent practices
- Failure to assess environment impacts
- Failure to mitigate climate change impacts
- Failure to prevent workplace discrimination
- Failure to respect consumer health and safety
- Failure to respect consumers' rights
- Failure to respect the right to safe and healthy working conditions
- Opposition to climate change mitigation
- Promoting and improving gender equality
- Sexual harassment in the workplace



A photograph of a large, multi-story conservatory filled with various tropical plants, including large ferns and palm trees. A small stream flows through the center of the conservatory. The glass roof is visible, and several hanging lights are present.

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# VOTING

In relation to both the ETHI and FAIR funds, the policy is to vote on ESG-related shareholder resolutions in a way that is consistent with the values embodied in the index rules for each fund. This means that we have voted in favour of shareholder resolutions across a range of issues, including seeking to require companies to adopt or improve climate-related or sustainability-related disclosure, increase gender pay transparency, report on political donations and lobbying, and report on animal welfare.

In the year to December 2020, we voted on 30 shareholder-initiated ESG related resolutions. In most of these cases, we voted against management's recommendation. The table below provides details on all of the ESG-related resolutions we voted on, including the rationale for our voting decisions<sup>4</sup>.

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<sup>4</sup>There is no direct voting activity within HETH or the Diversified funds since these funds do not hold equities directly, rather they invest in FAIR, ETHI and GBND as relevant. Similarly, voting is a right that attaches to equity ownership, so GBND (which holds bonds) does not participate in shareholder voting activities.



## BETASHARES ESG-RELATED PROXY VOTING REPORT - YEAR ENDING DECEMBER 2020

BetaShares Global Sustainability Leaders ETF (ASX: ETHI)

BetaShares Australian Sustainability Leaders ETF (ASX: FAIR)

This report summarises the proxy voting record for the named funds in relation to ESG-related resolutions only.

COMPANY NAME	TICKER	MEETING DATE	PROPOSAL TEXT	MANAGEMENT RECOMMENDATION	VOTE INSTRUCTION	VOTING RATIONALE
APPLE, INC.	AAPL	26/02/2020	Assess Feasibility of Including Sustainability as a Performance Measure for Senior Executive Compensation	Against	For	This resolution requested Apple to consider including sustainability performance measures, both environmental and social, into senior executive pay, stating that "Effectively managing for sustainability offers positive opportunities for companies and should be a key metric by which senior executives are judged." A vote for this resolution was warranted as encouraging more action on sustainability and climate change aligns with the values of the fund.
APPLE, INC.	AAPL	26/02/2020	Report on Freedom of Expression and Access to Information Policies	Against	For	This resolution requested Apple to report on its policies on freedom of expression and access to information, including whether it has publicly committed to respect freedom of expression as a human right; the oversight mechanisms for formulating and administering policies on freedom of expression and access to information; and a description of the actions Apple has taken in the past year in response to government or other third-party demands that were reasonably likely to limit free expression or access to information. A vote for this resolution was warranted as more transparency and action on human rights issues aligns with the values of the fund. This was of particular importance with the recent controversies around Apple's actions in the Hong Kong region.







COMPANY NAME	TICKER	MEETING DATE	PROPOSAL TEXT	MANAGEMENT RECOMMENDATION	VOTE INSTRUCTION	VOTING RATIONALE
STARBUCKS CORPORATION	SBUX	18/03/2020	Report on Risks of Omitting Viewpoint and Ideology from EEO Policy	Against	Against	This resolution was filed by a conservative think tank requesting that Starbucks report on risks related to omitting “viewpoint” and “ideology” from its equal employment opportunity policy. The filer argues that people with conservative political views may face discrimination at Starbucks. A vote against this resolution was warranted as the aim appeared to be to create pressure to incorporate conservative ideology at the governance level, rather than trying to create meaningful equality and inclusion within the company.
ADOBE INC.	ADBE	09/04/2020	Report on Gender Pay Gap	Against	For	This resolution sought to require Adobe to report on the company’s global median gender/racial pay gap, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. A vote for this resolution was warranted as encouraging transparency and further action on both the gender and racial pay gap aligns with the values of the fund.
FASTENAL COMPANY	FAST	25/04/2020	Prepare Employment Diversity Report	Against	For	This resolution requested Fastenal to issue a workforce diversity report, recommending metrics on the percentages of workers by gender categories for global operations, and by racial and ethnic group categories for U.S. operations, disaggregated into management and non-managerial job-levels. A vote for this resolution was warranted as encouraging transparency and further action on diversity aligns with the values of the fund.
CENTENE CORPORATION	CNC	28/04/2020	Report on Political Contributions Disclosure	Against	For	This resolution requested Centene to prepare a report semi-annually which discloses their monetary and non-monetary political contributions, to encourage transparency and accountability in corporate electoral spending. A vote for this resolution was warranted as transparency on this issue aligns with the values of the fund.
THE CHARLES SCHWAB CORPORATION	SCHW	12/05/2020	Adopt Policy to Annually Disclose EEO-1 Data	Against	For	This resolution requested Charles Schwab to enforce a policy requiring the company to publicly disclose a comprehensive breakdown of its workforce by race and gender according to 10 employment categories annually. A vote for this resolution was warranted as encouraging transparency and further action on diversity aligns with the values of the fund.



COMPANY NAME	TICKER	MEETING DATE	PROPOSAL TEXT	MANAGEMENT RECOMMENDATION	VOTE INSTRUCTION	VOTING RATIONALE
THE CHARLES SCHWAB CORPORATION	SCHW	12/05/2020	Report on Lobbying Payments and Policy	Against	For	This resolution requested that the company prepare a report on its direct and indirect lobbying activities, policies, and oversight mechanisms. A vote for this resolution was warranted as transparency on this issue aligns with the values of the fund.
O'REILLY AUTOMOTIVE, INC.	ORLY	14/05/2020	Report on Material Human Capital Risks	Against	For	This resolution sought to improve diversity related disclosures by requesting O'Reilly Automotive to issue a report to shareholders describing the company's policies, performance, and improvement targets related to material human capital risks, so that shareholders can better assess the effectiveness of the company's diversity initiatives and its management of related risks. A vote for this resolution was warranted as encouraging transparency and further action on both diversity and human rights aligns with the values of the fund.
THE HOME DEPOT, INC.	HD	21/05/2020	Prepare Employment Diversity Report and Report on Diversity Policies	Against	For	This resolution requested Home Depot to issue a workforce diversity report, including a chart identifying employees according to their gender and race in the nine major EEOC-defined job categories for the last three years, listing numbers or percentages in each category; a summary description of any affirmative action policies and programs to improve performance, including job categories where women and minorities are underutilised; and a description of policies/programs oriented toward increasing diversity in the workplace. A vote for this resolution was warranted as encouraging transparency and further action on diversity aligns with the values of the fund.
THE HOME DEPOT, INC.	HD	21/05/2020	Report on Congruency Political Analysis and Electioneering Expenditures	Against	For	This resolution requested that Home Depot report on the congruency between the company's political and electioneering expenditures and its publicly stated values and policies. A vote for this resolution was warranted as transparency on this issue aligns with the values of the fund.
PAYPAL HOLDINGS, INC.	PYPL	21/05/2020	Adopt Human and Indigenous People's Rights Policy	Against	For	This resolution requested that PayPal amend its governance documents to articulate the fiduciary duties of Board and management to ensure due diligence on Human and Indigenous Peoples' Rights. A vote for this resolution was warranted as encouraging transparency and further action on human rights and Indigenous Peoples' rights aligns with the values of the fund.
ILLUMINA, INC.	ILMN	27/05/2020	Report on Political Contributions	Against	For	A vote for this resolution is warranted, as additional disclosure of the company's trade association memberships and payments, and the company's board oversight of those contributions, would allow shareholders to better assess related risks.
VERTEX PHARMACEUTICALS INC.	VRTX	03/06/2020	Report on Lobbying Payments and Policy	Against	For	A vote for this proposal is warranted, as additional disclosure of the company's direct and indirect lobbying-related expenditures and oversight mechanisms would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.



COMPANY NAME	TICKER	MEETING DATE	PROPOSAL TEXT	MANAGEMENT RECOMMENDATION	VOTE INSTRUCTION	VOTING RATIONALE
NETFLIX, INC.	NFLX	04/06/2020	Report on Political Contributions	Against	For	This resolution sought to encourage more transparency and accountability in corporate political spending by requesting that Netflix disclose more information about its political contributions. This included disclosing their policies and procedures for making political contributions or expenditures, the identity of recipients and the amount paid, and the title of the persons within the company who make the decision. A vote for this resolution was warranted as transparency on this issue aligns with the values of the fund.
NETFLIX, INC.	NFLX	04/06/2020	Report on Risks of Omitting Viewpoint and Ideology from EEO Policy	Against	Against	This resolution was filed by a conservative think tank requesting that the company report on risks related to omitting “viewpoint” and “ideology” from its equal employment opportunity policy. The filer argues that people with conservative political views may face discrimination at Netflix. A vote against this resolution was warranted as the aim appears to be to create pressure to incorporate conservative ideology at the governance level rather than trying to create meaningful equality and inclusion within the company.
THE TJX COMPANIES, INC.	TJX	09/06/2020	Report on Reduction of Chemical Footprint	Against	For	This resolution requested that TJX report on its plans to reduce the use of chemicals of high concern to human health or the environment. A vote for this resolution was warranted as encouraging more action on sustainability and environmental protection aligns with the values of the fund.
THE TJX COMPANIES, INC.	TJX	09/06/2020	Report on Animal Welfare	Against	For	This resolution requested that TJX report on its assessment of any material risks of continuing operations without a company-wide animal welfare policy or restrictions on animal-sourced products associated with animal cruelty. A vote for this resolution was warranted as encouraging more action on animal welfare aligns with the values of the fund.
THE TJX COMPANIES, INC.	TJX	09/06/2020	Report on Pay Disparity	Against	For	This resolution requested that the Executive Compensation Committee of the Board of Directors take into consideration the pay grades and/or salary ranges of all classifications of Company employees when setting target amounts for CEO compensation, so as to consider whether the CEO's compensation is internally aligned with the Company's pay practices for its other employees. A vote for this resolution was warranted as encouraging transparency and further action on wealth inequality aligns with the values of the fund.
ACTIVISION BLIZZARD, INC.	ATVI	11/06/2020	Report on Political Contributions Disclosure	Against	For	This resolution requested that Activision Blizzard report on its political activities and expenditures. This included disclosing their policies and procedures for making political contributions or expenditures, the identity of recipients and the amount paid, and the title of the persons within the company who make the decision. A vote for this resolution was warranted as transparency on this issue aligns with the values of the fund.





COMPANY NAME	TICKER	MEETING DATE	PROPOSAL TEXT	MANAGEMENT RECOMMENDATION	VOTE INSTRUCTION	VOTING RATIONALE
EXPEDIA GROUP INC.	EXPE	10/06/2020	Report on Political Contributions and Expenditures	Against	For	This resolution requested that Expedia report on its political activities and expenditures. This included disclosing their policies and procedures for making political contributions or expenditures, the identity of recipients and the amount paid, and the title of the persons within the company who make the decision. A vote for this resolution was warranted as transparency on this issue aligns with the values of the fund.
TESLA, INC.	TSLA	22/09/2020	Report on Paid Advertising	Against	Against	This resolution requested that Tesla spend at least \$50/car produced to advertise its products/services to increase brand and product awareness and interest, achieve other goals set forth in the supporting statement and to help mitigate and/or reduce harm to Tesla's goals, objectives, reputation, and finances. Requiring Tesla to spend a specific amount on advertising does not provide a clear benefit to shareholders.
TESLA, INC.	TSLA	22/09/2020	Adopt Simple Majority Vote	Against	For	This proposal sought to increase shareholders rights by requesting Tesla take each step necessary so that each voting requirement in our charter and bylaws that calls for a greater than simple majority vote be eliminated and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws.
TESLA, INC.	TSLA	22/09/2020	Report on Employee Arbitration	Against	For	This proposal requested that Tesla prepare a report on the impact that mandatory arbitration contractual provisions have on the company's employees and workplace culture. The report should evaluate the impact of Tesla's current use of arbitration on the prevalence of harassment and discrimination in its workplace and on employees' ability to seek redress.
TESLA, INC.	TSLA	22/09/2020	Additional Reporting on Human Rights	Against	For	This proposal requested that Tesla prepare a report on their processes for embedding respect for human rights within operations and through business relationships.
AENA S.M.E. SA	AENA	29/10/2020	Approve Non-Financial Information Statement	For	For	This was a board proposal to shareholders to approve Aena's 2019 CSR Report.
BROADRIDGE FINANCIAL SOLUTIONS, INC.	BR	19/11/2020	Report on Political Contributions Disclosure	Against	For	This proposal requested that Broadridge disclose more information about its political contributions, including electoral spending, payments to trade associations and other tax-exempt organisations.



COMPANY NAME	TICKER	MEETING DATE	PROPOSAL TEXT	MANAGEMENT RECOMMENDATION	VOTE INSTRUCTION	VOTING RATIONALE
<b>INSURANCE AUSTRALIA GROUP LTD.</b>	IAG	23/10/2020 - Resolution withdrawn	Approve IAG World Heritage Policy	Against	For	<p>Due to positive conversations with the shareholders who submitted this proposal, this resolution was withdrawn prior to the AGM. IAG has committed to exploring the appropriateness of IAG becoming a signatory to the United Nations Principles for Sustainable Insurance-WWF-World Heritage Sites initiative.</p> <p>This proposal sought to enhance protection for cultural heritage sites by requesting that IAG establish a clear policy on protecting World Heritage properties. The policy should ensure that IAG does not play any financial or advocacy role in projects which negatively impact UNESCO listed properties; and bolster its position as a supporter of the UN Sustainable Development Goals, which includes the target of “[strengthening] efforts to protect and safeguard the world’s cultural and natural heritage.”</p>
<b>INSURANCE AUSTRALIA GROUP LTD.</b>	IAG	23/10/2020 - Resolution withdrawn	Approve Relationship with Industry Associations	Against	For	<p>Due to positive conversations with the shareholders who submitted this proposal, this resolution was withdrawn prior to the AGM. This proposal sought to increase transparency on IAG’s relationships with industry associations by requesting that IAG declare contradictions when they occur between the company’s policies and those of industry associations it is a member of or represented by.</p>
<b>INSURANCE AUSTRALIA GROUP LTD.</b>	IAG	23/10/2020 - Resolution withdrawn	Approve the Amendments to the Company’s Constitution	Against	For	<p>Due to positive conversations with the shareholders who submitted this proposal, this resolution was withdrawn prior to the AGM.</p> <p>This proposal sought to increase shareholders’ rights by requesting IAG insert a new clause into the constitution that would allow investors to express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the directors has been or should be exercised in general meeting made by ordinary resolution.</p>

Note that the table above relates only to ESG-related resolutions. For a full report on all our voting activity during the year, please see the BetaShares website.

