

# Proxy Voting Policy

## Introduction

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Proxy voting policy for Premier Miton Group plc and its subsidiaries Premier Portfolio Managers Ltd (PPM) and Premier Fund Managers Ltd (PFM) (together “Premier Miton”).

This proxy voting policy sets out Premier Miton’s commitment to vote proxies in the best interest of its clients. Corporate governance is of central importance in creating and protecting shareholder value and this policy has been developed to explain how Premier Miton’s investment managers use proxy voting as a means of promoting good corporate governance in investee companies which alongside other stewardship activities is intended to support an investee company’s long-term success and provide good investment outcomes for those invested in Premier Miton funds and products.

By actively exercising the right to vote, Premier Miton seeks to influence the companies it invests in to behave in a way that promotes good governance, provides continued stability and financial soundness and therefore contributes to the funds’ or products’ investment objectives

Premier Miton retains authority for all voting decisions made and instructs a delegate to cast the vote in accordance with their decision and this usually occurs when a vote must be made in person or voting is carried out using a proxy voting service.

Premier Miton utilises ISS ProxyExchange which is reviewed and appointed annually to execute voting decisions and provide relevant research and recommendations. We actively engage with ISS, asking for more rationale on certain recommendations and providing feedback during their annual policy reviews.

This policy has been developed in line with the Financial Reporting Council’s (FRC’s) Stewardship Principles, developing industry guidance on voting and the Financial Conduct Authority’s (FCA’s) Consumer Duty rules and principles including the requirement to produce good outcomes for customers. It covers all assets and geographical regions that Premier Miton invests in.

Premier Miton reviews this Proxy voting policy on an annual basis and additional information is included in our Responsible Investing Policy.

## Proxy voting process

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The Chief Investment Officer and the Head of Responsible Investing have oversight of the proxy voting process and individual fund managers are responsible for voting decisions.

Where PFM is appointed investment manager in relation to Premier Miton funds and products, it generally has the right to exercise all votes in relation to equities and bonds held in those funds, and will do so taking into account the fund manager’s consideration of what is in the best interests of the investors in the fund or product.

In relation to equities and bonds held in Premier Miton funds and products, Premier Miton will aim to vote all shares held unless it is not possible to do so. Voting decisions are typically made by fund managers based on their knowledge of the company, previous engagement activity, an evaluation of the proposals and having considered the research received from ISS ProxyExchange and voting recommendation from the ISS Benchmark Policy.

The fund managers may discuss resolutions across investment teams with other fund managers that also hold shares in the company to ensure consistent voting where appropriate, although fund managers of different funds can make their own decisions to ensure that actions are in the best interests of those funds.

The Responsible Investing team supports fund managers and will share additional relevant research and aims to highlight any 'significant votes' to the fund managers for additional analysis. Significant votes are defined as those where aggregated ownership is greater than 5% of the company, resolutions relate to environmental and social matters, shareholders have filed the resolution, or proxy voting adviser recommends a vote against management. The team also aims to highlight votes where share blocking rules apply, there is no management recommendation or where a vote is out of scope of the proxy voting service.

Before a decision is made to vote against management, the fund managers may discuss the issue with the company when possible and when we do decide to vote against, we aim to notify management and provide rationale.

Premier Miton does not engage in stock lending so there is no related conflict with voting activity.

## Premier Miton's approach to voting

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Premier Miton votes according to 'voting guidelines' below.

These guidelines are agreed by the RIOC and reviewed annually. The 'approved guidelines' determine whether the vote should be 'For', 'Against', or 'Abstain'.

Votes are considered on a case-by-case basis which means that fund managers may not vote in line with the 'approved guidelines' where they have information which supports an alternative vote, equally they do not need to make the same voting decision across funds and products. This provides each fund manager with the opportunity to consider the best course of action to take, with the aim of providing investors in each fund, or product, with good outcomes to assist them in meeting their financial objectives.

If Premier Miton receives information from an investor or client about a voting preference, the fund manager will aim to take this into consideration when making decisions on how to vote in the overall best interests of the fund or product.

As active investors, the fund managers will generally invest in a company where they assess the management as being strong, and typically, wouldn't expect to have a significant number of instances of voting against management at shareholder meetings.

They will generally vote as follows:

For

- A resolution that is consistent with good corporate governance, is in line with best practice, and what we believe is in Premier Miton's clients' best long-term interests.

Against

- A resolution is inconsistent with good corporate governance, is not in line with best practice, and what we believe is not in Premier Miton's clients' best long-term interests.
- A resolution on which Premier Miton has previously abstained where Premier Miton has reason to believe its concerns have not been addressed by the board and that an escalation to voting against is warranted.

Abstain

- A resolution falls short of best practice, but the issue is not sufficiently material to oppose management.
- A matter is material, although not fundamental, and Premier Miton has not previously raised the matter with the company.

Note that in certain limited circumstances there may be legal or operational reasons why Premier Miton may not be able to exercise votes on behalf of investors, for example where a Power of Attorney is required to be executed in an overseas jurisdiction, or where share blocking exists to prevent trading in securities in the lead up to a vote.

Where we are invested in markets with share blocking, we aim to vote a portion of our holdings, allowing for liquidity requirements.

## Conflicts of Interest

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Premier Miton has a policy as well as procedures and controls which are designed to identify, prevent, or manage, on an on-going basis, any conflicts of interest that may arise.

The Conflicts of Interest Policy is available on the Premier Miton website and describes the identification and effective and equitable resolution of conflicts of interests that exist or could arise between Premier Miton and its clients, one client and another, two or more of the Premier Miton group of companies and one or more employees and Premier Miton.

Where a fund manager or anyone else identifies a conflict of interest, Premier Miton's aim is to put the clients' best interests first. Fund managers who have different investment mandates, for example those with income or growth objectives, may vote differently.

Below are examples of potential voting conflicts of interests and how they are managed.

- Conflict: A family member on a company board is up for re-election.
- Resolution: We would generally follow the voting recommendations of our proxy research adviser except in exceptional circumstances.
  
- Conflict: Voting on an acquisition where Fund Manager A holds shares in the acquiring company and Fund Manager B holds shares in the company being acquired.
- Resolution: Each fund manager decides how to vote based on the best financial outcome for their funds and products.
  
- Conflict: We invest in a company that we also provide services to
- Resolution: The fund manager will decide how to vote based on the best financial outcome for their fund and products.

## Voting guidelines

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### Board of directors

Premier Miton considers that the quality of the board is most important in making decisions that provide long term shareholder value. In assessing the quality of a board, Premier Miton may take into consideration such qualities as:

- The diversity of the board members;
- The number of meetings held per year and the directors' attendance record;
- The number of non-executive directors in relation to the size and complexity of the business;
- The independence of the Chairperson or Senior Independent Director;
- The time commitments of directors;
- The re-election process to the board, and suitability of candidates for (re) election; and
- The composition of the board's sub-committees

Premier Miton may vote against the board in certain situations, including:

- Material concerns persist in respect of the board or sub-committee composition;
- The election is for a non-executive director who is not considered independent where there are insufficient independent directors on the board;
- If Premier Miton has concerns about the time commitments of a non-executive director, for example, they are members of many boards or do not attend sufficient meetings;
- If Premier Miton has concerns over the independence of the Chairperson or Senior Independent Director;
- Where there are concerns about a proposed board member's suitability; or
- Where the Chairperson and Chief Executive Officer is the same person.

## Remuneration

Premier Miton considers that remuneration should promote good corporate governance and the long-term success of a company. In assessing the effectiveness of a remuneration policy, Premier Miton may take into account the following:

- The complexity and clarity of the remuneration policy; and/or
- The level and ratio of executive remuneration to employee remuneration proposed and the level of executive remuneration proposed compared to the company's performance.
- The gender pay gap, where published
- Any ESG performance metrics that are included

Premier Miton may vote against management where:

- The remuneration policy is complex, there are concerns with the structure of the remuneration scheme(s) or the policy allows for excessive remuneration;
  - The level of remuneration proposed is not aligned with the company's performance;
  - Where Premier Miton has concerns about the remuneration practices it may vote against the re-election of the Remuneration Committee or some members of the Committee;
  - The independence of the Remuneration Committee is compromised;
  - Other benefits are proposed such as bonus or pension payments or share ownership, conferred under the remuneration policy and which are considered excessive or not aligned with good corporate governance or best practice;
  - Other payments are awarded which are not necessarily contractual such as 'golden hellos', ex-gratia payments, 'golden handshakes' etc.; or
  - Excessive payments are made on the company terminating a director's contract, particularly in the case of underperformance.
- Inappropriate ESG performance metrics

## Audit function

Premier Miton considers that appointed auditors should be fully independent and that there should be no issues which could compromise that independence.

Premier Miton may vote against the appointment of an auditor where:

- It has concerns about the independence of the auditor e.g. the auditor has carried out substantial and/or sustained consultancy work;
- Concerns have been raised about the auditor's practice or where there have been cases of negligence or wrong doing; or
- Where the same auditor has been appointed over several years with no review of the auditor, their independence or suitability.

## Share capital

Premier Miton will take into account the terms of the proposal to issue or buy back shares and whether those shares have pre-emption rights.

Premier Miton may take into account the following when voting on matters relating to shares:

- The amount of shares the company proposes to issue or buy back; and
- The voting rights attached to the proposed share issue.

Premier Miton may vote against proposals involving shares when:

- The authorisation exceeds the 5-percent limit for share issuances without pre-emptive rights;
- The issue of equity with pre-emptive rights exceeds the recommended limits; or
- The repurchase does not comply with Listing Rule guidelines.

### **Corporate actions**

Premier Miton will support corporate actions such as mergers, acquisitions or disposals when;

- They are considered to be a fair value for the assets and in the long term interests of shareholders;
- Any consideration is believed to be appropriate for the transaction;
- Robust governance and oversight practices have been applied; or
- Other potential outcomes have been considered

### **Report and accounts**

Premier Miton expects the Report and Accounts to be clear and transparent as far as is possible, taking into account any commercial sensitivities faced by the investee company.

Premier Miton believes that the Report and Accounts should provide sufficient information of all the relevant and important issues that have arisen in the previous year and sufficient information to determine whether the investee company has met its performance targets and objectives.

Premier Miton may take into account the following when voting on the report and accounts:

- The frequency of the investee company's reporting;
- The clarity and transparency of the content of reports; and
- An assessment of the investee company's impact on shareholders and stakeholders e.g., environmental impacts, taking into account the size and complexity of the company.

Premier Miton may vote against approval of the report and accounts where:

- There have been serious breaches of corporate governance
- There are serious concerns that have not / are not being addressed to Premier Miton's satisfaction e.g., changes in strategy that increase environmental concerns.



## Climate risk

Premier Miton is generally supportive of greater disclosure of carbon emissions and climate risks in line with the guidelines from the Taskforce of Climate-related Financial Disclosure (TCFD).

Premier Miton aim to support those resolutions where climate risk management and reporting will be enhanced. There are an increasing number of shareholder resolutions related to climate risk. These are reviewed on a case-by-case basis and Premier Miton generally support those where the request is for increased reporting on climate emissions and climate related risks as well as development of 1.5 degree transition plans. Say on Climate votes will also be reviewed and supported where they propose credible strategies with sufficient coverage of company activities and in line with 1.5 degrees.

## Other Voting Matters

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Premier Miton will typically aim to consider Environmental, Social and Governance (ESG) factors alongside financial factors when making voting decisions.

Where there are significant concerns on a shareholder meeting or specific resolution, Premier Miton may seek to engage with the investee company to build understanding and try to influence the outcome. Where the investee company does not engage or is not able to satisfy Premier Miton that it is acting appropriately in the circumstances, Premier Miton may vote against management.

Premier Miton seeks to take into account all the information to hand before voting. As such some proposals will be decided on a case-by case basis, always taking into account the best interests of its clients. Where an investee company provides sufficient information to Premier Miton on a particular matter, Premier Miton may decide to vote for a resolution which ordinarily it would vote against or abstain.

Premier Miton will monitor the outcome of each AGM and where there has been significant shareholder dissent will consider this in investment decision making and subsequent stewardship activities.

## Committee oversight

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Proxy voting policy activities are overseen by the Responsible Investing Oversight Committee (RIOCI). The RIOCI meets four times a year and is chaired by the Chief Investment Officer. Its responsibilities include reviewing proxy voting activity reports and discussing any improvements that could be made to the voting process. The committee will discuss voting practices and analyse the voting activity report to ensure that Premier Miton voting activity is meeting expectations. This approach provides assurance to the management and investors that the fund managers seek to act to deliver good outcomes for those invested in the funds and products via their voting activities. The RIOCI also reviews this policy annually and proposes any changes as appropriate.

## Transparency

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Premier Miton discloses its voting activity quarterly on its website and provides an annual summary of voting activity including case studies in the Stewardship & Responsible Investing Report. We are working to increase transparency on voting activities and provide reporting on significant votes and voting rationale in line with industry best practice.

## Attendance at AGMs and other meetings

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Premier Miton believes that voting at meetings is an important part of constructive engagement with investee companies. These votes are usually cast by proxy, and Premier Miton may consider attending an AGM or other meeting if, for example, it provides an opportunity to engage with senior management or members of the board on matters of interest. More meetings are moving to virtual or hybrid formats, which provides more opportunity to attend. Our preference is for a hybrid meeting and if a virtual meeting is offered to shareholders, we expect to be able to ask questions.

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