

Quilter Investors Limited

Voting Policy

June 2018

Quilter investors is an asset manager dedicated to delivering investment returns that provides its clients with the investment outcomes to meet their financial aspirations.

We provide a selection of investment products for our clients. On behalf of our clients, we invest in direct bonds and equities as well as collective vehicles such as open and closed ended funds. Many of these asset classes carry voting rights. This is predominantly in equities, including investment trusts, where the majority of shares proffer one vote per share and where meetings of shareholders are held at least once a year.

For these securities we use the services of Glass Lewis (a proxy voting service provider) and use its recommendations as a basis for our engagement and voting. We apply our own views to the voting policy and therefore will not always follow the recommendations if we feel it is in the best interests of our clients to take a different course of action.

The following guidelines outline the principles by which we vote our proxies.

Key voting guidelines by category

Overarching Expectations

We will not abstain on resolutions unless required to by technicality or the law. We want our intentions to be as clear as possible as either assenting or dissenting on each resolution.

- Monitor serious controversies over the year, including environmental, social and governance matters.
- Vote against committee members for poor or conflicted decisions made by the committee

Board Structure

- Flag re-election of chairman where board independence is low.
- Flag non-executive board members whose tenure is over nine years for boards with average tenure of greater than nine years.
- Flag where board skills are not right or directors have a history of poor decision making.
- Flag re-election of the chairman where less than 25% of the board is female in FTSE 350, elsewhere all male.
- Flag non-independent directors on audit committee.

- Flag executives on compensation committee.
- Flag directors who are chairs or CEOs with more than three directorships and others with more than four.

Audit and Accounts

- Monitor instances of aggressive accounting practices.
- Monitor instances of material accounting internal controls failures.
- Vote against the reappointment of the auditor for tenure longer than 20 years unless a compelling reason is provided for why they should continue to provide services.
- Vote against the reappointment of the auditor if nonaudit fees have been greater than audit fees for two years running absent full and convincing explanation.
- Vote against resolutions where insufficient information is provided to come to a positive conclusion.
- Flag the re-election of the audit committee and the report and accounts for emphasis of matter

Remuneration

- Vote against remuneration reports and policies when less than 50% of performance compensation is delivered through the long-term incentive scheme.
- Vote against remuneration reports, policies and long-term incentive schemes when the long-term scheme tests performance over fewer than three years. In the UK flag schemes that do not restrict vesting for a further two years.
- Vote against remuneration reports, policies and long-term incentive schemes when the long-term scheme vests for fewer than five years with less than 100% performance testing (75% carve-out for the US). Flag remuneration reports, policies and long-term incentive schemes when the long-term scheme vests for five years or more with less than 100% performance testing.
- Vote against incentive schemes that reward for failure, for example by
- Paying out for below median performance against a peer benchmark or where the performance conditions do not reflect market expectations.
- Vote against the repricing of share options, or the downwards revision/retesting of performance conditions.

- Vote against share schemes that are not limited to 10% dilution of issued share capital.
- Flag remuneration reports when pay outcomes are hard to understand in the context of broader company performance.
- Flag remuneration reports for instances of large quantum or pay increases (5% or more).
- Flag remuneration reports and policies for companies with no shareholding guidelines.

Capital Structure

- Vote against resolutions to authorise non-preemptive share issuances with no specified purpose greater than 10% of the issued share capital. If market norms are lower, adhere to these.
- Vote against resolutions to authorise preemptive share issuances with no specific purpose greater than 66%. Refer for specific purposes.
- Vote against resolutions to increase the authorised share capital by more than 50% with no specified purpose.
- Vote against resolutions to authorise share repurchases representing more than 15% of issued share capital.
- Flag authority to issue alternative forms of dilutive capital, such as contingent convertibles.
- Flag resolutions that permit major shareholders to breach certain ownership thresholds without triggering mandatory offers for the company's shares.

Shareholder Rights

- Vote against the creation of new classes of stock with differential voting rights.
- Vote against the implementation or renewal of mechanistic takeover defences.
- Vote against the re-election of board members who renew poison pills without requesting authority from shareholders.
- Vote against amendments to articles, bylaws and statutes that harm shareholder rights.
- Vote against resolutions requesting preapproval for "Any Other Business".

Corporate Transactions

- Flag all transactions.

Shareholder Proposals

- Flag all transactions.