

LOIM – Voting Guidelines

We vote at company meetings on behalf of our clients in line with these guidelines and their respective voting policies, where applicable. We support external international principles of corporate governance and take account of local market standards. In this way, we seek to apply accepted good governance and business practices on behalf of our clients, while also factoring in relevant regional differences.

The majority of resolutions for voting relate to corporate governance matters that are mandated under local stock exchange listing rules, including: approval and election of directors, acceptance or receipt of reports and accounts, approval of remuneration and incentive plans, capital allocation, and approval of reorganisations and mergers. Where appropriate, we seek to address our concerns on broader business practices, including the management of social and environmental risks and opportunities through our voting on resolutions proposed by both shareholders and management.

We prefer change from within companies and will normally support incumbent management in hostile takeovers. However, this is conditional on our retaining confidence in the target company and its board and management. Where we lose such confidence or where there are clear longer-term synergistic and strategic benefits to be realised through a take-over or a proxy contest, we will consider supporting a bid or a dissident shareholder.

When we decide to vote against or abstain on management resolutions or support shareholder resolutions opposed by management, we normally contact companies, either within our engagement programme or in which we have a significant stake, before the meeting. This helps us to take a fully informed view and can lead us to change our intended vote.

We make use of an electronic voting platform to submit votes on behalf of our clients. In order to apply our resources effectively, we have developed a set of rules, which are implemented as a voting template on the platform. This assists our analysts and portfolio managers in determining how votes will be cast and supports their dialogue with companies. We update these rules as required to reflect current best practice. Our clients may inspect the voting template at any time.

Global approach

We rely on two main global governance standards when determining how to vote on behalf of our clients. These are the G20/OECD Principles of Corporate Governance (2015)¹ and ICGN Global Corporate Governance Principles (2017).²

The G20/OECD Principles cover six main areas:

1. Ensuring the basis for an effective corporate governance framework
2. The rights and equitable treatment of shareholders and key ownership functions
3. Institutional investors, stock markets, and other intermediaries
4. The role of stakeholders in corporate governance
5. Disclosure and transparency
6. The responsibilities of the board

¹ <http://www.oecd.org/corporate/oecdprinciplesofcorporategovernance.htm>

² http://icgn.fpbks.com/icgn_global_governance_principles/

The ICGN Principles cover eight main areas:

1. Board role and responsibilities
2. Leadership and independence
3. Composition and appointment
4. Corporate culture
5. Risk oversight
6. Remuneration
7. Reporting and audit
8. Shareholder rights

With respect to our voting decisions, the matters of most relevance in the G20/OECD principles and ICGN guidelines relate to: shareholders' rights and the equitable treatment of shareholders, disclosure and transparency, composition and responsibilities of the board, remuneration and audit.

Regional differences

Because responsible business practices and governance conventions differ across global markets, we tailor our approach when voting proxy voting client holdings to local market standards. Examples of these are listed below:

1. Australia: ASX Corporate Governance Principles and Recommendations (2014)³
2. Brazil: IBGC Brazilian Corporate Governance Code - Publicly-Traded Companies (2016)⁴
3. Denmark: Recommendations for Corporate Governance (2017)⁵
4. France: Afep-Medef Corporate Governance Code (2018)⁶
5. Germany: The German Corporate Governance Code (2017)⁷
6. Italy: Borsa Italiana Corporate Governance Code (2015)⁸
7. Japan: JPX Corporate Governance Code (2018)⁹
8. Netherlands: The Dutch Corporate Governance Code (2016)¹⁰
9. Russia: The Russian Corporate Governance Code (2014)¹¹
10. Singapore: MAS Code of Corporate Governance (2018)¹²
11. South Africa: King Code III (2009)¹³
12. Spain: CNMV Good Governance Code of Listed Companies (2015)¹⁴
13. Sweden: The Swedish Code of Corporate Governance (2016)¹⁵
14. Switzerland: The Swiss Code of Best Practice for Corporate Governance (2014)¹⁶
15. United Kingdom: The UK Corporate Governance Code (2018)¹⁷
16. United States: ISC Corporate Governance Principles for US Listed Companies (2017)¹⁸

³ <https://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>

⁴ <http://www.ibgc.org.br/CodeBestPractices.aspx>

⁵ <https://corporategovernance.dk/recommendations-corporate-governance>

⁶ <http://www.afep.com/publications/le-code-afep-medef-revise-de-2018/>

⁷ <https://www.dcgk.de/en/code.html>

⁸ <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2015engclean.en.pdf>

⁹ <https://www.jpjx.co.jp/english/equities/listing/cg/>

¹⁰ <https://www.mccg.nl/english>

¹¹ https://www.ebrd.com/downloads/legal/corporate/russia_code.pdf

¹² <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Regulatory-and-Supervisory-Framework/Corporate-Governance/Corporate-Governance-of-Listed-Companies/Code-of-Corporate-Governance.aspx>

¹³ <https://www.iodsa.co.za/page/kingIII>

¹⁴ <https://www.cnmv.es/portal/legislacion/COBG/COBG.aspx?lang=en>

¹⁵ <http://www.corporategovernanceboard.se/>

¹⁶ <https://www.economiesuisse.ch/de/publikationen/swiss-code-best-practice-corporate-governance-english>

¹⁷ <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>

¹⁸ <https://isqframework.org/corporate-governance-principles/>