

## PROXY VOTING POLICY

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It is our policy to use proxy voting for all portfolios and for all votes, other than where we are not given this authority by our client, or in countries or for companies where voting is impossible or exceptionally difficult for logistical reasons.

### External service provider:

We have taken the decision to use the services of an outsourced provider, Institutional Shareholder Services Ltd (ISS), a leading provider of proxy voting advice and administrative services, to assist us with this activity given their expertise in this area.

### Voting recommendations and policy guidelines

ISS provide voting recommendations to us, based on a pre-agreed set of policy guidelines which is reviewed at least annually. We currently use “Sustainability” set of voting guidelines, developed specifically to at least meet the standards consistent with the United Nations Principles for Responsible Investment (UNPRI). The ISS Sustainability voting guidelines may be found in this link under ‘Specialty policies’ <https://www.issgovernance.com/policy-gateway/voting-policies/>

The ISS Sustainability policy research approach includes employing the use of ESG risk indicators to identify moderate to severe ESG risk factors at public companies, and holding culpable board members accountable for failure to sufficiently oversee, manage, or guard against material ESG risks. The ESG risk indicators cover several topics including the environment, human rights and impacts of business activities on local communities, labour rights and supply chain risks, consumer product safety, bribery and corruption, and governance & risk oversight failures.

The voting guidelines have a particular focus on transparency and reporting, and we generally support shareholder initiatives insofar as they request enhanced transparency on ESG issues.

Key policy highlights include:

- Board competence, independence, composition, accountability and responsiveness – including on ESG topics
- Alignment of pay and performance, presence of problematic compensation practices, shareholder value transfer
- Support, generally, for shareholder proposals advocating ESG disclosure or universal norms/codes of conduct. (In 2022, as an example, the policy guidelines resulted in recommendations to support 67% of such shareholder proposals for US S&P 500 stocks).

ISS informs our Portfolio Managers in good time of its voting recommendation. The Portfolio Managers have the authority to challenge the ISS recommendations on specific issues when they believe it is in the best interest of clients to do so. Such challenge is brought to the Proxy Voting Committee (see below).

### Climate Change and the Paris Agreement goals

Climate change is a business and economic issue with profound implications for investors. We strongly believe that our focus on this issue leads to better long-term investment outcomes for our

clients. Climate change (and disclosure of related data) will continue to be a strategic priority for our firm in carrying out engagement and in proxy voting. We engage constructively with the management of companies through direct conversations, collaborative initiatives with other investors and industry groups where it is merited as well as by active use of our proxy voting.

We strongly support the aims of the Paris Agreement and believe that climate change poses a material risk to long-term investors, and that investors can and should support climate change mitigation and climate change adaptation. Our Responsible investing policy is to support the aims of the Paris Agreement in a variety of practical ways, including but not limited to efforts to reduce the greenhouse gas emissions of our own operations and of investment portfolios which we manage, and collaborative and/or direct engagement with investee companies to encourage their alignment with the Paris Agreement goals.

For companies that are significant greenhouse gas (GHG) emitters, through their operations or value chain, we generally vote against or withhold from the incumbent chair of the responsible committee (or other directors on a case-by-case basis) in cases where ISS believes that the company is not taking the minimum steps needed to be aligned with a Net Zero by 2050 trajectory.<sup>1</sup> We also support shareholder proposals seeking information on the financial, physical, or regulatory risks the company faces related to climate change; on its operations and investments, or on how the company identifies, measures, and manage such risks; and support shareholder proposals calling for the reduction of GHG emissions. In relation to 'Say on Climate' management proposals, we vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan, taking into account the completeness and rigor of the plan.

### **Retention of client discretion over voting**

The obligation to vote client proxies shall rest with our clients in certain cases, notwithstanding our discretionary authority to make investment decisions on behalf of our clients, and we will not exercise proxy voting authority over these accounts. Clients shall in no way be precluded from contacting us for advice or information about a particular proxy vote. However, we shall not be deemed to have proxy voting authority solely as a result of providing such advice to Clients.

Should we inadvertently receive proxy information for a security held in a client's account over which we do not maintain proxy voting authority, we will immediately forward such information to the client, but will not take any further action with respect to the voting of such proxy.

### **Records and disclosure**

ISS is responsible for tracking all our proxies, voting in line with the ISS Sustainability policy and has direct feeds from client custodians.

The Responsible Investing Committee is responsible for monitoring ISS to ensure that proxies are properly voted in line with the policy, in a timely manner and that appropriate records are being retained.

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<sup>1</sup> Significant GHG emitters, defined in 2023 as Climate Action 100+ companies. For further details on climate considerations, please refer to the ISS Specialty Policies, Sustainability guidelines in this link, on to Pg 10 and Pg 34 and Pg 35 <https://www.issgovernance.com/policy-gateway/voting-policies/>

A record of all proxy votes and information relevant to such votes is maintained by ISS and we report, on our public website, on proxy voting activity. The report includes a summary of voting activity, such as the percentage of all votes where we voted against management, but also lists every ballot voted including the management recommendation, our voting instruction, and our voting rationale.

### **Notification to investee companies**

On request from a company, either before or after the vote, we will provide an explanation to a company of our voting decision. Where we are already involved in Engagement, or about to commence Engagement, we may choose to pro-actively inform a company of our voting decision, before the time of the vote, with the intention that this might influence the company's own decision-making process. We may also advise a company, and/or make public, our voting decision on a particular issue or issues if we deem that this would be helpful to achieve a particular aim with regard to an ESG issue.

### **Escalation**

Where we exercise a proxy vote against company management on a significant issue, and the company is not sufficiently responsive, this may lead to any or all of the following actions:

- commencement of an engagement, direct or collaborative, with the company
- a reconsideration of our investment in the company including the possibility of full or partial divestment from the company
- a decision to vote against management more broadly at the next annual meeting, e.g. voting against the reappointment of (more) directors, against the "discharge" of directors in jurisdictions where this applies, or against the approval of accounts
- filing or circulating "exempt solicitation(s)" in support of or against specific proxy voting items such as shareholder resolutions.
- filing of shareholder resolutions in certain circumstances

### **Recall of stock on loan**

The firm does not engage in any security lending programmes for any KBI fund vehicles or clients and thus there is no requirement to recall stock for proxy voting.

We do not advise segregated portfolio clients with securities lending facilities whether to recall stocks on loan in order to exercise a vote, and the decision to recall stocks lies solely with the client.

### **Role of the Proxy Voting Committee**

The Committee consists of four members who are knowledgeable about the investment objectives, strategies and portfolio holdings of the funds we manage or advise:

- Chief Investment Officer
- Chief Compliance Officer
- ESG analyst
- Head of Responsible Investing

Other relevant staff may attend meetings to discuss issues of relevance to them or where they have particular expertise or knowledge, but they are not voting members.

The Proxy Voting Committee is a sub-committee of the Responsible Investing committee and is chaired by the Chief Investment Officer or in his absence, the Chief Compliance Officer.

It has the following responsibilities

1. Adjudicating on proxy votes where the Portfolio Manager challenges the ISS recommendation and on any other non-routine or controversial votes that may be referred to the Committee by a Portfolio Manager or any member of the Committee.
2. Dealing with conflicts of interest between our firm and the portfolios that we manage or the issuers of securities owned by the portfolio such as they may arise in the proxy voting context from significant business, personal or family relationships.

The Committee will vote proxies consistent with the voting guidelines that are in force at the time of the decision (i.e. the voting guidelines agreed with ISS, our service provider), having particular regard to the United Nations Principles for Responsible Investment.

If more than one portfolio owns the same security to be voted, the Committee shall have regard for same, recognising that differences in portfolio investment objectives and strategies may produce different results.

In addition, there may be instances where the Portfolio Managers may wish to vote differently for proxies held by more than one product group. The Chief Compliance Officer shall review all such votes to determine that there are no conflicts of interest with regards to such votes. We maintain documentation of the reason and basis for any such votes.

We may opt to abstain from voting if deemed that abstinence is in clients' best interests. For example, we may be unable to vote securities that have been lent by the custodian, where market regulations require a declaration of investor personal or controlling interest and it is not permissible or practical for us to complete that declaration, or where voting would restrict the sale of securities.

At any time, the Committee may seek the advice of ISS or counsel or retain outside consultants to assist in its deliberations.

### **Conflicts of Interest**

An attempt will be made to identify all potential conflicts of interest that exist between our interests and those of our clients. We realise that due to the difficulty of predicting and identifying all material conflicts, we must also rely on employees to notify the Compliance & Risk Control Unit of any material conflicts that could influence the proxy voting process. To mitigate these conflicts, ISS is an independent source of voting recommendations.

We are aware that any external provider of proxy voting advisory services may potentially have conflicts of interest. The Responsible Investing Committee as part of its remit assesses the advisor's

conflict of interest policy, and the implementation of that policy, and may terminate or amend the contract with the provider if either is deemed to be unsatisfactory.

### **Potential ownership conflicts**

As this firm is majority owned by Amundi s.a., a company listed on the French stock market, a potential conflict of interest could arise in the exercise of proxies for that company. For this reason, the Proxy Voting committee will have particularly strong regard for the recommendation of ISS when considering a contested/controversial proxy vote in the case of our parent company.

Approved by the RI Committee on the 17<sup>th</sup> August 2023