

WHEB Asset Management

Proxy voting policy

Our proxy voting policies are intended to promote long-term shareholder value creation and risk mitigation at portfolio firms through support for responsible global corporate governance practices. At their core, our approach is based on a set of four core principles that apply globally. These are detailed below.

1. Accountability:

- Boards should be accountable to shareholders, the owners of the companies, by holding regular board elections, by providing sufficient information for shareholders to be able to assess directors and board composition, and by providing shareholders with the ability to remove directors.
- Directors should respond to investor input such as that expressed through vote results on management and shareholder proposals and other shareholder communications.
- Shareholders should have meaningful rights on structural provisions, such as approval of or amendments to the corporate governing documents and a vote on takeover defenses. In addition, voting rights should be proportional to their economic interest in the company; each share should have one vote. In general, a simple majority vote should be required to change a company's governance provisions or to approve transactions.

2. Stewardship

- A company's environmental, social, and governance (ESG) practices should meet or exceed the standards of its market regulations and general practices and should take into account relevant factors that may significantly impact the company's long-term value creation. Issuers and investors should recognize constructive engagement as both a right and responsibility.
- WHEB has adopted a strict interpretation of the ESG standards that we expect of companies, and this influences how we vote at company meetings. We have utilized a range of third-party sources to define specific thresholds in this area.¹

3. Independence

- Boards should be sufficiently independent so as to ensure that they are able and motivated to effectively supervise management's performance and remuneration, for the benefit of all shareholders.
- Boards should include an effective independent leadership position and sufficiently independent committees that focus on key governance concerns such as audit, compensation, sustainability and the selection and evaluation of directors.

4. Transparency

- Companies should provide sufficient and timely information that enables shareholders to understand key issues, make informed vote decisions, and effectively engage with companies on substantive matters that impact shareholders' long-term interests in the company.

Because we vote globally, we base our voting decisions on the policies developed by our proxy voting agent in each of the geographies in which we vote. We scrutinize every vote recommendation and reach our own decisions on how to vote following consultation within the investment team. All

¹ For example, this includes the Association of Member Nominated Trustees' 'Red Lines Voting' policies (<http://redlinevoting.org/>).

our voting decisions are disclosed publicly through a quarterly report and detailed appendix.² Currently, our proxy voting agent is ISS and further details on ISS's voting policies across the different regions in which we operate are available from their website.³

The WHEB Lines

In addition to the principle-based policies highlighted above, we also provide analysts with detailed voting guidance and a template for capturing and recording their decisions. This guidance is detailed in the tables below.

| Section | # | WHEB Line | Action |
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| Governance | 1 | Company has a combined chair and CEO. | Vote against Chair of Nominations Committee. ⁴ |
| Governance | 2 | Company has a non-independent Chair and no nominated Senior Independent Director. | Vote against the Chair |
| Governance | 3 | Executive director of the company concurrently holds chair of another public company or is a director of more than one other public company. | Vote against that person's re-election. |
| Governance | 4 | Non-executive directors of the company are concurrently a director of more than three companies (chairmanship counts as two). | Vote against that person's re-election. |
| Governance | 5 | Not clear if existing directors or candidates for election to the board, are independent | Vote against individual or Chair of Nominations Committee. |
| Governance | 6 | Company does not have minimum number of independent directors (>50% threshold) (independence based on tenure of <11yrs) | Vote against the re-election of the Chair of the Nominations Committee. |
| Governance | 7 | Director has served continuously as such for more than two years without having been re-elected at a general meeting. | Vote against the re-election of the Chair of the Nominations Committee. |
| Governance | 8 | Tenure of the company's statutory auditor or auditors is >10yrs. | Vote against the re-election of the Chair of the Audit committee. ⁵ |
| Governance | 9 | Over the reporting period relevant to the latest accounts of a company, its auditors were due to be paid an amount in fees for non-audit services | As above |

² See http://www.wheb.com/index.php?option=com_content&view=article&id=243&Itemid=90

³ See <https://www.issgovernance.com/policy-gateway/2017-policy-information/>

⁴ If the Chair of the Nominations Committee is not on the ballot, vote against: 1) Chair of the Board, if not available then 2) another Nomination Committee member, if not available then, 3) any non-independent board member 4) any other appropriate vote.

⁵ If the Chair of the Audit Committee is not on the ballot, vote against: 1) Chair of the Board, if not available then 2) another Audit Committee member, if not available then, 3) any other appropriate vote.

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| | | greater than 50% of that properly fixed as remuneration for audit work. | |
| Governance | 10 | Any Board committee does not consist of a majority of independent non-executive directors. | Vote against the re-election of the Chair of the Nomination Committee. |
| Governance | 11 | The company's tax rate looks low relative to its domicile and peers. | Talk to IR to understand the tax rate and manage regulatory and reputational risks associated with their tax policy. If unsatisfactory vote against Chairman of the Board |
| Governance | 12 | Authorisation is sought to disapply pre-emption rights beyond the next AGM, and/or pre-emption is sought over more than 5% of issued share capital (or more than 10% if for a specified acquisition or capital investment), or if a specific exclusion is sought over more than one-third of issued share capital. | Vote against authorisation |
| Governance | 13 | In general, we support remuneration policies that incentive appropriate pay-for-performance with a focus on long-term shareholder value. More specifically we follow our proxy advisor in voting against a remuneration report/policy if it: <ul style="list-style-type: none"> • Fails to incentivise performance over at least three years • Awards a 'sign-on' bonus without conditionality; • Layers bonus schemes on top of existing bonus schemes; • Provides uncapped bonuses; • Has no provision for claw back; or • Has no provision for withholding of benefits on cessation of employment | Where a remuneration proposal breaches any of these criteria, vote against the remuneration policy |
| Governance | 14 | Total remuneration package of any director is either: <ul style="list-style-type: none"> - >100 times median pay; or - >5% of company's net income. We have no absolute pay threshold, but analysts can recommend voting against where the quantum is considered egregious. | Vote against the remuneration report or policy and Chairman of the Remuneration Committee. ⁶ |
| Governance | 15 | CEO's remuneration package does not include criteria for awards to be linked to relevant corporate social responsibility and/or | Vote against the remuneration report |

⁶ If the Chair of the Remuneration Committee is not on the ballot, vote against: 1) Chair of the Board, if not available then 2) another Remuneration Committee member, if not available then, 3) any other appropriate vote.

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| | | environmental sustainability targets or does not include criteria linked to fundamental economic performance (e.g., revenue, margins etc.). | |
| Governance | 16 | Company has a share buy-back plan in place where: 1) leverage is >1x EBITDA; and 2) the share price is within 15% of its all-time | Vote against buy-back plan |

| Section | # | WHEB Line | Action |
|-------------|---|---|--|
| Environment | 1 | Company does not have a board director with responsibility for 'sustainability' (or equivalent terminology) in this area as evidence of appropriate concern. | Vote against the chair of the board. |
| Environment | 2 | The company has failed to disclose quantitative and/or qualitative information (beyond 'boiler plate language') on material environmental issues (refer to SASB framework). | Vote against the re-election of the Board member with responsibility for 'sustainability' or in the absence of this role, vote against the re-election of the Chair of the main Board. |
| Environment | 3 | Company has a history of major incidents of environmental damage, or a major incident in the year under report, and the directors' report does not include a substantial account of how it is responding and how it proposes to minimise the risks of repetition. | Vote against the reappointment of the chair. |
| Environment | 4 | The company has not set a net-zero carbon target to be achieved by 2050 at the latest. | Vote against the re-election of the Board member with responsibility for 'sustainability' or in the absence of this role, vote against the re-election of the Chair of the main Board. |

| Section | # | WHEB Line | Action |
|---------|---|--|---|
| Social | 1 | Company has inadequate gender diversity on the Board (<33%). Combined targets (e.g., gender and minority ethnic) are not acceptable. | Vote against the Chair of the Nomination Committee. |
| Social | 2 | Company has inadequate diversity throughout the organisation and no strategy to address this. | Year 1: engage to encourage development of a strategy Year 2: If no progress |

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| | | | vote against Chair of Nomination Committee |
| Social | 3 | Where there is clear evidence of a company failing to uphold freedom of association and the effective recognition of the right to collective bargaining. | Vote against the re-election of the Chair of the Board |
| Social | 4 | The company has failed to disclose quantitative and/or qualitative information (beyond 'boiler plate language') on material social issues (refer to SASB framework). | Vote against the re-election of the Board member with responsibility for 'sustainability' or in the absence of this role, vote against the re-election of the Chair of the main Board. |
| Social | 5 | The company has a history of major breakdowns of industrial partnership, or of serious endangerment of health and safety, or of fraud, bribery or other corrupt practices among its staff, or has sustained major damage from any of those causes in the year under report, and the directors' report does not include a substantial account of how it is responding to resulting criticism and of the ways in which it proposes to minimise the risks of repetition. Furthermore, the remuneration policy proposes any increase in salary or bonus for directors employed at the time of the incident. | Vote against the reappointment of the Chair of the Board and vote against the remuneration report. |

N.B. For other issues our policy is to vote in-line with ISS guidance unless agreed otherwise with the investment team.

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