

# Proxy Voting Policy & Procedures



## Proxy Voting Policy & Procedures

---

Ashburton (Jersey) Limited (“Ashburton”) is committed at all times to acting in the best and long-term interests of its Clients. Ashburton will make every reasonable effort to ensure that proxies are received and votes cast in accordance with this policy. Ashburton seeks to fulfil its proxy voting obligations through the implementation of this policy and shall at all times comply with its legal, fiduciary and contractual obligations. Ashburton recognises that confidence in the integrity and quality of management is essential to long-term value creation and investor confidence.

Ashburton believes that all corporations in which we invest should implement sound corporate governance principles which include, *inter alia*:

- Acting in the best and long-term interests of shareholders;
- Protecting shareholders' rights;
- Ensuring an independent and efficient board structure;
- Aligning incentive structures with long-term interests of shareholders;
- Disclosing accurate, adequate, and timely information;
- Application of environmental, social and corporate governance principles aligned to international best practice.

### 1. Purpose

Proxy voting is an integral part of the investment process and the Board of Directors of Ashburton has empowered the Investment Governance Committee (“the Committee”) to establish voting guidelines to ensure that the principles of this policy are adhered to.

Ashburton aims to exercise voting rights for companies in which its aggregated positions meet the following criteria:

- Represent 20% of accrued total of Ashburton’s stock positions
- Consist of 1% or more of the company’s market capitalisation

Where the above criteria are met, Ashburton aims to ensure that voting rights are exercised consistently.

### 2. Scope

This Policy is applicable to Ashburton (Jersey) Limited.

### 3. Procedures

A general guide to the most frequent voting issues is set out in Appendix I, attached hereto. It must be noted, however, that voting matters will be assessed on a case-by-case basis with reference to a company's particular circumstances. A vote will be cast solely in the interest of Clients.

Each voting decision will primary be made by the Investment Manager of the Fund/Portfolio containing the stock concerned, and this may require discussion with members of the Ashburton Investment Management team. Voting decisions will be based on the following criteria:

- For: The proposed resolution reflects good practice and is in the long-term interests of Clients.  
Abstain: The proposed resolution raises issues of concern for Clients.

The Flowchart in Appendix II, attached hereto, sets out the main steps of the proxy voting procedure from the notification of voting agendas in the context of Annual General Meetings ("AGM's") or Extraordinary General Meetings ("EGM's") to actual voting execution.

### 4. Conflicts of Interest

In the unlikely event that a proxy voting decision gives rise to a potential conflict between the interests of our Clients, on one hand, and those of Ashburton and any of its Group or associated companies, the following policies and controls are in place to prevent a potential conflict of interest:

- This policy specifically requires that voting rights are exercised in the best interest interests of Clients, in order to protect and enhance the long-term value of their shareholdings.
- This policy has been approved by Ashburton's Board of Directors and will be overseen by the Committee.
- The Committee has set voting guidelines to which Investment Managers and / or Investment Management team must give due consideration.
- Voting decisions are made by the Investment Manager and / or Investment Management team involved in the Fund or segregated portfolio concerned and is reported to the Committee for information purposes.
- Ashburton has various policies in place, including those specifically relating to Anti-Bribery and Corruption, Personal Account Trading and Outside Interests. These policies require that all employees declare and obtain approval for gifts and entertainment, both received and given, trading in investments for their own personal account, and other professional activities carried out, outside of their employment. All these policies are strictly monitored by compliance and are available on request.
- "Chinese walls" between Ashburton and any of its Group or associated companies will be put in place when required to ensure that Ashburton remains independent, partial and neutral when exercising a proxy vote.

APPENDIX I

	Voting Issue	For	Against	Case by Case basis
<b>Issue of Shares</b>	General authority to issue shares for cash above 5%		x	
	The issue of shares for cash where the discount limit is in excess of 5%		x	
	General authority to issue shares with an attached right of pre-emption in excess of 35% of the issued share capital of the company		x	
	Issue of shares to option schemes which Ashburton has actively opposed, or where it has opposed the adoption of the remuneration report		x	
	The company has been irresponsible with respect to the issuing of shares		x	
	Any general authorities to issue shares where the share price is substantially below its intrinsic value		x	
	Any general or specific authorities to issue shares if they are deemed to have the intention of intervening in the market for corporate control or establishing a control group in the company		x	
	The underwriter is a holding company who could be perceived to be extending its holding of the company through taking up unsubscribed shares		x	
<b>Repurchase of Shares</b>	Represents best use of company resources and is any plan is limited both in volume and duration	x		
	There is sufficient liquidity in the market	x		
	The company has sufficient cash resources and the repurchase scheme is a viable and tax efficient method of returning cash to shareholders	x		
	The company has a strong record of cancelling treasury shares and not issuing them to share option schemes without declaring this intention	x		
	There is no conflict of interest with the company's management incentive policy	x		
	The share price at the time of the general authority is substantially below its intrinsic value	x		
	There is a strong motivation as to how the share repurchase scheme will add more value to shareholders than a cash dividend, repaying debt or making appropriate investments to enhance efficiency or expand operations	x		
	The company has sufficient balance sheet strength and cash resources not to place it under any form of financial strain	x		
<b>Dividends</b>	The amount is covered and the pay-out ratio is reasonable, and sufficient information re levels has been provided	x		
	It is clear that it will place the company under financial stress		x	
	Granting the board any renewable mandate to award dividends if the company has displayed a consistent approach to awarding dividends	x		

## Proxy Voting Policy & Procedures

	Pay-out ratio is lower than in the last year and falls below 25% and no explanations have been provided for the reduction (i) Mature companies (ii) Growth companies		(i)	(ii)
	Mark-up of preferred dividend is >10% of the regular dividend		x	
	<b>Voting Issue</b>	<b>For</b>	<b>Against</b>	<b>Case by Case basis</b>
<b>Capital distributions</b>	Aim is to specifically return surplus cash to shareholders. (Should such resolutions be linked to any significant change in the capital structure of the company, its constitution or a corporate event, it will be assessed on a case-by-case basis by the Investment Manager)	x		
	Clear that a capitalization award is being used to disguise another proposal by the company that diminishes shareholder rights, establishes an anti-takeover mechanism or results in any form of reduction in management accountability		x	
<b>Odd-lot offers</b>	Where there is a compulsory alienation of the shares of odd-lot holders		x	
	Share splits and renounceable offers according to the motivations presented by the company			x
<b>Changes to shareholder rights via amendments to a company's constitution</b>	No significant in-balances between categories of shareholders and shareholder value is being preserved	x		
	Option schemes where there is automatic vesting on a change in control of the company		x	
	Proposals of new share classes that have higher voting rights than existing share classes		x	
	Resolutions that absolve directors from their fiduciary responsibilities to shareholders or their re-election through an ordinary resolution where their term of tenure ends		x	
	Changes to shareholders rights via amendments to a company's constitution		x	
<b>Approval of financial statements</b>	Information presents a full and fair view; the accounts have been recommended by an independent Audit Committee and adequate disclosures on key financial and extra-financial risks	x		
	Clear deficiency in the information provided, or where there has been an attempt to hide or disguise material issues that may impact		x	
	Omissions in disclosure requirements and there has been inflexibility by the company's management in respect to any engagement by Ashburton		x	
	Where there has been an Auditors' qualification			x
	Considered that all disclosed transactions will result in a dilution and diminution of long-term intrinsic value		x	

## Proxy Voting Policy & Procedures

<b>Re-election of Auditors</b>	A disproportionate (+40%) of the auditor's total fee is derived from non-audit services to the company		x	
	The company appoints a former member of the audit firm into a senior post		x	
	The auditor clearly does not have the capacity or geographic reach to conduct the audit effectively		x	
	Repeated and material misstatements in the annual financial statements		x	
	Disclosure of audited information and associated explanations are deemed to be deficient and/or inaccurate		x	
	<b>Voting Issue</b>	<b>For</b>	<b>Against</b>	<b>Case by Case basis</b>
<b>Election and re-election of Board of Directors</b>	Sufficient biographical information provided; each director limiting their directorships in other companies to a reasonable number	x		
	The Chairman and CEO roles are split and there is a sufficient counter-balancing structure	x		
	Board comprises >50% independent directors	x		
	Use of authority in a share repurchase scheme in an irresponsible, dishonest or improper manner		x	
	General power given over the capital of the company (such as general authorities to issue and repurchase shares)		x	
	The company is withholding income from shareholders and not applying surplus resources in any productive pursuit or the redemption of debt		x	
	Serious questions about actions of the Board or management for the year in question		x	
	Legal action being taken against the Board by other shareholders		x	
	The company has been irresponsible with respect to the issuing of shares			
<b>Remuneration of Directors and Executives</b>	Full disclosure of all remuneration components for each Director	x		
	Remuneration scheme has been recommended by a Remuneration Committee comprising of at least 50% independent members	x		
	Remuneration scheme in line with long term company performance	x		
	Scheme disproportionate with regards to performance based on share value and/or intrinsic value, and relevant peer group		x	
<b>Mergers and Acquisitions</b>	Makes commercial and strategic sense for the company. Is beneficial to shareholders' earnings stream.	x		
	Impact on voting rights is not disproportionate and the combined company has a better governance structure	x		
	Impact on shareholder value and rights; offer price; financial viability of the combined companies as a single entity; conflicts of interest			x

PROXY VOTING PROCEDURE

