

Annex 1-Proxy Voting Policy 2021

Introduction

Proxy voting policy for Pairstech Capital Management LLP (hereinafter “Pairstech”).

This policy sets out Pairstech’s commitment to its fiduciary obligation to vote proxies in the best interest of its clients. Corporate governance is of central importance in creating and protecting shareholder value and this policy has been developed to explain how Pairstech's investment managers use proxy voting as a means of promoting good corporate governance in investee companies.

Pairstech utilises a proxy voting service but retains authority for all voting decisions made. This policy has been developed in line with the Financial Reporting Council’s (FRC’s) Stewardship Principles. Pairstech reviews this Proxy voting policy on an annual basis and additional information is included in our Responsible investing policy.

The policy covers all geographical regions that Pairstech invests in.

Governance and engagement

Pairstech has a team of experienced and skilled investment professionals who consider the high level corporate governance arrangements of the companies they invest in and engage with the management of companies as appropriate to the size of Pairstech’s holding and to the size of the company.

Pairstech as appropriate, engages with companies through both formal and informal channels including private meetings and attendance at company meetings. If concerns about an investee company arise, initial discussions would, if appropriate, take place on a confidential basis. However, if a board does not respond constructively and Pairstech has concerns about the company’s strategy, performance, governance, remuneration or approach to risks, then Pairstech will consider whether to escalate its action, for example by:

- Holding additional meetings with management specifically to discuss concerns;
- Expressing concerns through the company’s advisers;
- Meeting with the chairperson, senior independent director, or with all independent directors;

- Engaging with other shareholders to see if Pairstech’s concerns are shared
- Making a public statement in advance of general meetings;
- Submitting resolutions and speaking at general meetings;
- Requisitioning an EGM, in some cases proposing to change board membership; or
- If concerns are not addressed to Pairstech’s satisfaction then Pairstech may vote against management at a meeting.

Proxy voting process

Pairstech’s investment services team reports to the Chief Operating Officer.

The Chief Investment Officer have oversight of the proxy voting process and individual investment managers are responsible for voting decisions.

Where a Portfolio Manager (“PM”) is appointed investment manager in relation to Pairstech funds, it generally has the right to exercise all votes in relation to equities and bonds held in those funds. Where PM acts as discretionary fund manager for a private client, it will always comply with a client’s instructions (if any) received when exercising voting rights attached to that client’s securities.

In relation to equities and bonds held in Pairstech funds, Pairstech will aim to vote all shares held. Pairstech’s policy is not automatically to support the board; voting decisions are made by investment managers based on their knowledge of the company, an evaluation of the proposals and having considered the research regarding the company received from reliable sources. Pairstech does not engage in stock lending and hence there is no conflict with voting activity.

Transparency

Pairstech discloses its voting activity annually on its website and provides an annual summary of voting activity within its Stewardship Report.

Attendance at Annual General Meetings (AGMs) and other meetings

Pairstech believes that voting at meetings is an important part of constructive engagement with investee companies. These votes are usually cast by proxy but Pairstech may consider attending an AGM or other meeting if for example, it provides an opportunity to engage with senior management or members of the board on matters of interest.

Pairstech's approach to voting

Pairstech votes on behalf of its clients according to 'approved guidelines'. These guidelines are issued by the Executive Committee and reviewed annually. The 'approved guidelines' determine whether the vote should be 'For', 'Against', or 'Abstain'. Votes are considered on a case-by-case basis which means that investment managers may not vote in line with the 'approved guidelines' where they have information which supports an alternative vote.

Pairstech will generally vote as follows:

For

- A resolution that is consistent with good corporate governance, is in line with best practice, and is in Pairstech's clients' best long-term interests.

Against

- A resolution is inconsistent with good corporate governance, is not in line with best practice, and is not in Pairstech's clients' best long-term interests.
- A resolution on which Pairstech has previously abstained where Pairstech has reason to believe its concerns have not been addressed by the board.

Abstain

- A resolution falls short of best practice, but the issue is not sufficiently material to oppose management.
- A matter is material, although not fundamental, and Pairstech has not previously raised the matter with the company.
- To avoid a potential or actual conflict of interest between Pairstech funds and a client in the portfolio management service (see below for more information on conflicts of interest). Note that in certain limited circumstances there may be legal or operational reasons why Pairstech may not be able to exercise votes on behalf of investors, for example where a Power of Attorney is required to be executed in an overseas jurisdiction, or where share blocking exists, in certain jurisdictions, to prevent trading in securities in the lead up to a vote.

Conflicts of Interest

Pairstech has established procedures which are designed to identify on an on-going basis

any conflicts of interest that may arise.

Pairstech has adopted a Conflicts of interest policy which sets out its process for identifying and managing conflicts of interest and handling matters where the interests of individual clients differ.

The Conflicts of interest policy gives a number of examples of circumstances in which a conflict of interest may arise and how they would be addressed. One such example is connected with Pairstech's ownership structure. An authorised corporate director or manager of the Pairstech funds and a PM (which acts a discretionary manager of the Pairstech funds and also as provider of discretionary management services and portfolio management services to retail investors) are under the common ownership of Pairstech. PM may invest assets of the Pairstech funds in the assets of the portfolio management service in the Pairstech funds. In these circumstances, all investments would be assessed to ensure that by including them in a portfolio they will help to meet the objectives of that portfolio. Where a discretionary client or a client in the portfolio management service is invested in a Pairstech fund, Pairstech has determined that in order to avoid a potential conflict of interest it should not vote the shares held by it on behalf of such clients in the Pairstech fund in connection with any corporate action in a Pairstech fund unless instructed accordingly by a client and this is clearly stated in the client terms and conditions.

Where an investment manager or anyone else identifies a conflict of interest, Pairstech's aim is always to put the clients' best interests first.

Detailed voting guidelines

Board of directors

Pairstech considers that the quality of the board is most important in making decisions that provide long term shareholder value. In assessing the quality of a board, Pairstech may take into consideration such qualities as:

- The diversity of the board members;
- The number of meetings held per year and the directors' attendance record;
- The number of non-executive directors in relation to the size and complexity of the business;
- The independence of the Chairperson or Senior Independent Director;

- The time commitments of directors;
- The re-election process to the board, and suitability of candidates for (re) election; and
- The composition of the board's sub-committees, if any.

Pairstech may vote against the board in certain situations, including:

- Material concerns persist in respect of the board or sub-committee composition;
- The election is for a non-executive director who is not considered independent where there are insufficient independent directors on the board;
- If Pairstech has concerns about the time commitments of a non-executive director, for example, they are members of many boards or do not attend sufficient meetings;
- If Pairstech has concerns over the independence of the Chairperson or Senior Independent Director;
- Where there are concerns about a proposed board member's suitability; or
- Where the Chairperson and Chief Executive Officer is the same person.

Remuneration

Pairstech considers that remuneration should promote good corporate governance and the long-term success of a company. In assessing the effectiveness of a remuneration policy, Pairstech may take into account the following:

- The complexity and clarity of the remuneration policy; and/or
- The level and ratio of executive remuneration to employee remuneration proposed and the level of executive remuneration proposed compared to the company's performance.
- The gender pay gap, where published

Pairstech may vote against management where:

- The remuneration policy is complex, there are concerns with the structure of the remuneration scheme(s) or the policy allows for excessive remuneration;
- The level of remuneration proposed is not aligned with the company's performance;
- Where Pairstech has concerns about the remuneration practices it may vote against the re-election of the Remuneration Committee or some members of the Committee;
- The independence of the Remuneration Committee is compromised;
- Other benefits are proposed such as bonus or pension payments or share ownership, conferred under the remuneration policy and which are considered excessive or not aligned with good corporate governance or best practice;

- Other payments are awarded which are not necessarily contractual such; or
- Excessive payments are made on the company terminating a director's contract, particularly in the case of underperformance.

Audit function

Pairstech considers that appointed auditors should be fully independent and that there should be no issues which could compromise that independence.

Pairstech may vote against the appointment of an auditor where:

- It has concerns about the independence of the auditor e.g. the auditor has carried out substantial and/or sustained consultancy work;
- Concerns have been raised about the auditor's practice or where there have been cases of negligence or wrong doing; or
- Where the same auditor has been appointed over several years with no review of the auditor, their independence or suitability.

Share capital

Pairstech will take into account the terms of the proposal to issue or buy back shares and whether those shares have pre-emption rights.

Pairstech may take into account the following when voting on matters relating to shares:

- The amount of shares the company proposes to issue or buy back; and
- The voting rights attached to the proposed share issue.

Pairstech may vote against proposals involving shares where:

- The authorisation exceeds the 5% limit for share issuances without pre-emptive rights;
- The issue of equity with pre-emptive rights exceeds the recommended limits; or
- The repurchase does not comply with Listing Rule guidelines.

Report and accounts

Pairstech expects the Report and Accounts to be clear and transparent as far as is possible, taking into account any commercial sensitivities faced by the investee company. Pairstech believes that the Report and Accounts should provide sufficient information of all the relevant and important issues that have arisen in the previous year and sufficient information to determine whether the investee company has met its performance targets and objectives.

Pairstech may take into account the following when voting on the report and accounts:

- The frequency of the investee company’s reporting;
- The clarity and transparency of the content of reports; and
- An assessment of the investee company’s impact on shareholders and stakeholders e.g. environmental impacts, taking into account the size and complexity of the company.
- Pairstech may vote against approval of the report and accounts where:
 - There have been serious breaches of corporate governance
 - There are serious concerns that have not / are not being addressed to Pairstech’s satisfaction e.g. changes in strategy that increase environmental concerns.

Climate risk

Pairstech is generally supportive of greater disclosure of carbon emissions and climate risk in line with the guidelines of the Taskforce of Climate-related Financial Disclosure (TCFD). Pairstech will aim to support those resolutions where climate risk management and reporting will be enhanced. There are an increasing number of shareholder resolutions related to climate risk. We will review these on a case by case basis and generally support those where the request is for increased reporting on climate emissions and climate related risks as well as development of 2 degree transition plans.

Other Matters

Pairstech will aim to consider Environmental, Social and Governance factors (ESG) alongside financial factors when making voting decisions. Where there are significant concerns, Pairstech will usually seek to engage with the investee company and try to influence their approach. Where the investee company does not engage or is not able to satisfy Pairstech that it is acting appropriately in the circumstances, Pairstech may vote against management. Pairstech seeks to take into account all the information to hand before voting. As such some proposals will be decided on a case-by case basis, always taking into account the best interests of its clients. Where an investee company provides sufficient information to Pairstech on a particular matter, Pairstech may decide to vote for a resolution which ordinarily it would vote against or abstain. This practice is an important factor of Pairstech’s fiduciary obligation to act in the best interests of the client.

We will monitor the outcome of each AGM and where there has been significant shareholder dissent we will consider this in our investment decision making and our subsequent stewardship activities.