

## **ENGAGEMENT POLICY**

Pursuant to COBS 2.2B implementing the Shareholders Rights Directive II (Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017) (“**SRD II**”), Seilern Investment Management Limited (“**SIM**”) is required to disclose its engagement and proxy voting approach or explain why it does not do so. The engagement policy includes determining when and how voting rights attached to the instruments held in the managed funds are to be exercised, in accordance with SIM’s investment philosophy. Whilst SIM generally engages with investee companies, it is currently reviewing its engagement policy in line with COBS 2.2B. SIM’s efforts are focussed on exercising voting rights in the best interest of investors in accordance with SIM’s investment philosophy. This document explains SIM’s approach to proxy voting and exercising other rights as shareholders.

## **PROXY VOTING POLICY**

### **Overview**

At SIM, our goal is to vote at each investee company's shareholders meetings. We do this because it is our duty and fiduciary obligation to exercise the rights that we have as shareholders in favour of our clients, something that we feel a concentrated Universe of companies allows us to do. SIM also recognises the need to exercise its proxy voting obligations to enhance long-term investment values. SIM believes that both are generally compatible with good corporate governance as they provide the best operating environment for each underlying portfolio company to cope with competitive commercial pressures. It is SIM’s policy, subject to the considerations described below, to use its best efforts to vote proxies arising on all clients' shares. The management company of the Seilern Funds delegate the management of proxy to SIM as the investment manager.

SIM seeks to vote for all shares held. SIM expects to vote the vast majority of shares it controls by proxy. SIM will, in exceptional circumstances, attend meetings for companies where a problematic issue is being discussed and/or if SIM believes that this is reasonably necessary to fulfil its fiduciary responsibilities to clients. Voting is informed by internal research and voting guidance produced by external proxy voting specialist firms.

### **Our policy**

Standard issues typically arise at Annual General Meetings (“AGMs”) or Ordinary General Meetings (“OGMs”). Standard issues may include items of a routine nature such as the presentation of financial statements to shareholders, approval of routine executive compensation or incentive plans, approval of financial statements by shareholders, the election of directors and approval of directors' fees, election of auditors and approval of audit fees and declaration of dividends.

Material issues may arise at Extraordinary General Meetings (“EGMs”), Special General Meetings (“SGMs”), OGMs or AGMs. Material issues may include items that relate to corporate governance matters; changes in a company’s country of incorporation; mergers and other corporate restructurings; anti-takeover provisions such as staggered boards, poison pills, or supermajority provisions; changes to capital structures including increases and decreases of capital and preferred stock issuance; material stock option, management compensation, or incentive plan issues; and social and corporate responsibility considerations. SIM also considers standard issues to be material issues when it has knowledge that a potential conflict of interest with management is present.

Investors are advised that when voting proxies in specific markets, SIM may be constrained by particular country or portfolio company specific issues. For example, some companies in the portfolio impose voting caps on the maximum number of proxy votes that any single outside shareholder may control. Others require all board issues to be resolved by a show of hands rather than a poll. As one nominee may hold all shares, these restrictions have the effect of substantially limiting the impact of any proxies cast. Furthermore, some companies in the portfolio may restrict SIM from voting proxies where disclosures of holdings or securities under SIM's control have not been made timely or in a format required under their articles of incorporation.

We publish aggregate data on how we vote. This can be found in the annual Proxy Voting Report, available on our website. In addition, we publish data on the proxy votes cast for the top 10 companies in each of the SIF sub-funds. Lastly, we publish data on proxy votes for any company where the funds have a significant holding.<sup>1</sup>

Investors may also request to receive a summary of proxies voted or not voted and issues raised at meetings held by portfolio companies by contacting [clientservices@seilernfunds.com](mailto:clientservices@seilernfunds.com).

### **How we vote**

The core philosophy at SIM is to invest in high-quality businesses that have the potential to grow sustainably over time. We select companies where we agree with the overall strategy, that have good management, oversight and compensation structures that align their interests with the shareholders, in other words, that the firm has excellent management and corporate governance, one of our Ten Golden Rules. Sustainable growth supported by a high-quality organisation is key. We vote FOR proposals that promote a business's sustainable growth and AGAINST proposals that undermine sustainable growth.

We part from the assumption that management will know how to run the business best. As such, we will vote with management recommendation unless we find that a proposal might jeopardise the sustainability of the business. We also actively encourage management to stay the course and continue running the company in the interest of shareholders.

Voting is tracked through the ISS portal and is reviewed annually by the Research Team and the Head of Research. To illustrate how SIM applies its proxy voting and corporate governance policies, please see our annual proxy voting report.

### **When we vote against management**

In the event that we disagree with management on a particular proposal, we assess the degree to which the proposal might affect the sustainability of the business and offer the company an opportunity to present its case and offer SIM's view on the proposal. If we still disagree after this interaction, we will vote against management's recommendation. Ultimately, should the company choose a course of inaction, SIM may elect to sell the shares in the business and dispose of the position, on the grounds that the proposal is not in the interest of shareholders and has the risk of permanently impairing the overall sustainability of the business.

SIM keeps a register where we vote against management, explaining our decision. This register can be made available to investors of the Seilern Funds upon request.

### **When we abstain**

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<sup>1</sup> For the purposes of this policy, a significant holding is defined as any holding which exceeds 1 percent of the outstanding shares.

We abstain on matters that are political or politically oriented. This is because it is not our role to get involved in political decisions on behalf of our clients. The only exception is where we believe an issue has the potential to jeopardise the sustainability of the business.

## **Resources**

We use Institutional Shareholder Services (ISS) to provide information and recommendations on each ballot and the ISS interface to instruct the ballots. However, the decision on each vote is taken by the research team at SIM and each item is considered on its own merits.