Jupiter Proxy Voting Policy

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JUPITER

Contents

1. Introduction

The exercise of rights and responsibilities through informed voting is fundamental to Jupiter's active management and active ownership approach. Proxy voting is a representation of our clients' interests and underpins both accountability and the alignment of interests between asset owners and beneficiaries. Voting serves as an intersection between companies and investors. Consequently, we have adopted an investment-led approach where judicious voting plays an important role in effective stewardship, the promotion of good governance and our efforts to maximise investor value.

We are part of a complex financial ecosystem, and our responsibilities include contributing to well-functioning financial markets. Voting outcomes also provide clients and wider stakeholders with an informed view of our position on real-world issues.

This policy details how voting is directed at Jupiter and sets out considerations and actions around key themes. Voting is not undertaken in isolation or kept within rigid boundaries. Direct or collaborative engagement with investee companies may play a significant role in how we reach voting decisions. We collaborate with a range of investor networks, including the Institutional Investors Group on Climate Change and the Investment Association. We believe that stewardship through collaboration can be more effective in working towards common goals and enables us to learn from peers.

The technical details within this policy should be supplemented with the following documents which inform Jupiter's overall sustainability approach:

- Jupiter Responsible Investment Policy
- Jupiter Annual Stewardship Report (approach to UK Stewardship Code 2020)
- Jupiter's Sustainability Policy

1.1. Scope

- This policy applies to all investment strategies where Jupiter Asset Management Limited (JAM) and Jupiter Investment Management Limited have voting discretion.
- We engage with institutional clients to understand their voting preferences and custom policy requirements.
- This policy is approved by Jupiter's Investment Oversight Committee and reviewed on an annual basis.

We vote wherever possible and practicable, taking into consideration local market and third-party operational requirements, such as powers of attorney and share blocking. As the practice of share blocking inhibits trading in securities, we consider this to be potentially restrictive to our investments and we are selective when voting in certain overseas jurisdictions where share blocking occurs.

Securities lending

We do not engage directly in stock lending. However, our clients are free to enter into such agreements in accordance with their own policies, including the decision to recall stock. These decisions are taken independently of Jupiter. On occasion, where our clients engage in stock lending, we may, at our discretion, discuss with them the option of recalling their stock in order to vote on significant investment-related matters.

1.2. Approach

Fundamental Investments (equities and private equity): As active investors, we seek to develop constructive relationships with investee companies and engage actively with boards and management teams. Consequently, understanding a company's specific circumstances and the reasons for any divergence from best practice, informs our approach when formulating a voting decision. This voting policy sets out the governance principles that serve as guidelines to the vote decision-making process. It is not designed as a one-size-fits-all set of instructions. This is particularly important when considering investments in different markets and regions as well as market capitalisations of companies. As international investors, we recognise our role in promoting best practice and raising standards, particularly around global norms, and addressing material issues including climate change. However, we also recognise the need to consider local market practice when setting expectations for companies; this includes working to understand local and regional context for legal constraints, corporate ownership structures and socio-political factors.

Systematic equities: We exercise our voting rights and responsibilities in our range of systematic equity strategies. The volume of trading activity in these strategies and varying holding periods are key differentiators when comparing systematic and fundamental investment strategies. For this reason, Jupiter's systematic strategies vote in line with third-party recommendations. This approach best serves our clients as it ensures voting rights are used in a timely and pragmatic manner and provides confidence that voting outcomes incorporate global best practice whilst capturing regional variations.

Fixed Income: Instances of proxy voting are relatively rare for bondholders. However, where a bondholder meeting (including consent solicitation) is called, the investment manager will consider each voting decision on a case-by-case basis and vote in a judicious manner on behalf of clients, engaging with the issuer and other stakeholders where this is considered beneficial.

1.3. Use of third-party recommendations (fundamental equities)

We subscribe to third-party research and voting recommendations to facilitate decision-making. Third-party research provides an objective viewpoint (centred on the vendor's model of best practice) and delivers useful information with requisite scale, efficiency and timeliness. Third-party research can also capture changes to regional practice and governance legislation, serve as a useful resource when assessing shareholder proposals and provide access to expert analysts.

Strategies with voting discretion are not obliged to follow third-party recommendations, and third-party services are used as a reference point to flag issues to aid the assessment of ballots.

1.4. Process

The Sustainability & Stewardship Team is responsible for proxy voting operations, monitoring ballots and providing an initial assessment of each meeting's agenda, including the use of independent proxy advisory research to assess recommendations. This process also considers voting history, including any engagement details such as assurances from companies or escalation points.

The Sustainability & Stewardship Team highlights controversial, high-profile, or anomalous issues to the investment manager. The following steps may also apply.

- The Sustainability & Stewardship Team may offer a recommendation to the investment manager based on the available information.
- Further direct or collaborative engagement may be undertaken before reaching a voting decision.
- The process will also consider client-sponsored initiatives or wider stakeholder engagement that has occurred that could influence voting outcomes.

As an active asset manager, we have undertaken due diligence and identified a compelling reason to invest client capital. Consequently, our starting point is to support management provided we are satisfied with the company's general business conduct and governance structure.

This policy is implemented on the understanding that ultimate accountability resides with the investment manager for all asset classes.

1.5. Conflicts of interest

The following measures are in place to guard against conflicts of interest in the voting process. Examples of potential conflicts of interest include:

i) Where an investment manager decides to invest client money into an investment trust that is also managed by the same individual, conflicts are considered where the manager has vote discretion.

   The investment manager will not have direct voting authority. Where a Jupiter managed fund invests in a Jupiter-run listed vehicle, the ballot will be reviewed by the stewardship team with reference to this policy and independent third-party guidance. A voting outcome will be resolved with a recommendation to the Non-Executive Directors of the fund board who will exercise the voting rights as they deem appropriate. The Head of Equities is also informed of this process.

ii) Conflicts may arise where a director or employee of the Group is a director at one of our investee companies.

iii) Conflicts may arise where we hold the listed securities of a client-related organisation. For instance, Jupiter may have client relations with an insurance arm of a financial services group in which we are invested.

iv) Conflicts may arise in the case of mergers and acquisitions, where an investment strategy owns securities issued by one or both of the acquiring company and the target company. Voting authority and discretion continues to reside with the investment manager as the investment scenarios are ultimately linked to an investment decision and the investment team acts as a fiduciary on behalf of their underlying client. The investment manager will have access to third-party research and the Sustainability & Stewardship Team to consider any ESG concerns relating to the deal.

Voting discretion and accountability remains with the investment manager under scenarios ii to iv. Use of independent third-party data and guidance from the Sustainability & Stewardship Team is also applied in these circumstances.

These cases are discussed at the monthly Investment Review Forum.

2. Focus areas – Responsible Investment policy

Jupiter's Responsible Investment Policy outlines key ESG themes that all our investment managers consider in their investment processes, where material. Voting plays a significant role in how we integrate these themes into our investments.

The information below applies voting guidance to key themes identified within the Responsible Investment Policy. These themes are complex and related voting items are assessed on a case-by-case basis.

Individual investment strategies have discretion to focus on other areas of ESG in accordance with their investment process.

Climate: We recognise that climate change presents a risk to client portfolios. We support the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius. This commitment is channelled through our participation within the Net Zero Asset Manager's Initiative and is supportive of investing aligned with net zero emissions by 2050 or sooner. This commitment will be phased across our investment strategies.

- We will not usually support the Chair, CEO or Sustainability Committee members of companies where we believe the companies have reneged on their strategic climate goals without clear rationale.
- We will not usually support the Chair, CEO or Sustainability Committee members where we consider the climate strategy and associated targets to lack credibility or ambition.
- We expect to vote against management-proposed climate resolutions where we are convinced the Company's progress has not met expectations.
- We expect to support well-constructed shareholder proposals that address a deficit within a company's transparency around climate strategy.

Biodiversity: Jupiter recognises the importance of protecting and restoring biodiversity through financing activities. Companies are at a nascent stage in planning and executing strategies around biodiversity, and we are actively engaged and monitoring these developments.

- We will not usually support the Chair, CEO or Sustainability Committee members where a company has proven liability linked to a major biodiversity-related incident resulting in significant adverse impact.

UN Global Compact: Trust between a business and the communities it serves is important for societal cohesion and economic progress. We are committed to the principles of the UN Global Compact, both as a public company and as an investor, and we integrate the principles into the monitoring of companies and our active ownership approach.

- We will not usually support management or the Chair, CEO or Sustainability Committee members where we have concerns about a breach of global conventions (including human rights, health & safety and treatment of workers) and there has been demonstrable weakness in oversight, corporate behaviour and remediation efforts.

Diversity, equity and inclusion (DE&I): We expect companies to disclose details about how DE&I is incorporated within its human capital strategy (see Corporate Governance section for voting guidance).

3. Corporate governance

Corporate governance is a core investment consideration and is key to a company's strategic execution and culture. Effective leadership shapes a company's dynamism and competitive edge. The tone from the top is central to a productive and equitable workplace. Leadership that is diverse in its thinking and representative of the society in which it operates can be more resilient and adaptive to change.

We also seek to understand how a company's governance is interconnected to the oversight, transparency, and effectiveness of its sustainability goals.

As active owners, we assess corporate governance on a range of issues, recognising that good practice will differ depending on a company's jurisdiction, size, and ownership structure. These issues may include but are not limited to the governance factors discussed below.

3.1. Leadership

- **Combined Chair/CEO**: We support the roles of Chair and CEO being separate. In certain markets, these roles are more likely to be combined, reflecting local standards, and we will support the incumbent unless we have concerns. However, we will support the roles being separated during a succession when a new CEO is appointed.
- **Lead Independent Director**: We expect a Lead Independent Director to be identified in companies where the roles of CEO and Chair are combined, or where there are other significant ownership stakes represented on the board.
- **Diversity:** We expect to vote against management and/or the Chair of the Nomination committee if the board has not satisfied local best practice guidance on diversity and has not provided a satisfactory explanation. We will also vote against directors where we feel there has been a lack of sufficient progress in improving diversity across management teams and satisfactory rationale or details of plans to address the issues are not included.
- **Board independence:** We expect board independence to follow local market practice as a minimum. We acknowledge ownership structures differ across markets, and significant stakeholders are represented on boards. However, we expect directors who are designated to be independent to stand up to best practice scrutiny.
- **Non-executive tenure:** A balanced board features directors with different tenures. Length of service is a relevant factor in determining independence. We will not automatically vote against directors based on tenure alone but consider overall board balance and examine whether there is a preponderance of long-serving directors to guard against board entrenchment.
- **Director effectiveness:** We expect to vote against board members where we have concerns over corporate performance, leadership, and oversight. We will vote against the appointment of directors where we believe their records at previous companies have led to sustained poor corporate performance.
- **Time commitments:** We do not establish a number for external directorships (for executives/non-executives) which would trigger a vote against a director. Rather, we look at the nature of the additional directorships and time commitment required and may choose to vote against them on this basis. We expect to vote against directors with poor attendance records unless sufficient justification has been provided.
- **Ineffective action:** We expect to vote against directors where we consider the Board or Committee members have failed to provide an adequate response to shareholder concerns, significant dissent, or other shareholder motions.
- **Board Committees:** We expect Committees to meet local market best practice guidance on independence as a minimum and contain relevant expertise and experience.

- **Lobbying:** We expect to vote against directors where a company is involved with lobbying groups which bring into question the company's stated ESG ambitions or which undertake activities that undermine corporate best practice.

3.2. Executive remuneration

The challenges facing management teams are numerous and large. Companies operate in a competitive environment, and attracting top talent can be intensified by domestic and international forces. Remuneration structures should attract, retain and reward talent for performance. Remuneration structures should incentivise the right behaviours, create alignment with the interests of shareholders and wider stakeholders and help drive the business forward.

- **Structure:** We expect transparent structures where most of an executive remuneration package is geared towards performance-based variable pay. We expect to vote against long-term incentive plans (LTIP) where the vesting period is under three years. We recognise that Remuneration Committees require flexibility to construct schemes that are relevant to a company's strategy and dynamics. We understand a homogenous approach to long-term incentives may not be suitable for all companies.
- **Transparency:** Performance hurdles for both short- and long-term schemes vary across markets. Transparency is important to assess the degree of shareholder alignment to gauge 'pay for performance outcomes.' We expect to vote against remuneration items where a company is not meeting local market best practice disclosures, or such disclosures and a sufficient explanation has not been provided.
- **Dilution:** We will typically vote against schemes or proposals to issue new shares (pursuant to incentive schemes) where we consider the issuance of shares to be overly dilutive and the company has not provided a credible rationale.
- **Outcomes - Pay for Performance:** We will typically vote against pay proposals and remuneration committee members where short and long-term formulaic remuneration outcomes do not reflect the shareholder experience or where major stakeholder incidents have been confirmed relating to conduct, culture or regulation.
- **Discretion:** We do not typically support the adjustment of performance conditions of in-flight LTIPs, or the retesting of hurdles. We will vote against remuneration items unless there is a credible explanation and extenuating business circumstances.
- **Severance:** We expect to vote against remuneration items where severance terms are incongruous with shareholder outcomes and may result in 'golden parachute' payments. We expect to vote against remuneration items where we believe severance terms may lead to outcomes that are not aligned with shareholder interests.
- **Inclusion of ESG metrics:** We support the inclusion of ESG metrics within incentive schemes, which are an emerging area that will take time to develop. We urge remuneration committees to be measured and apply challenging hurdles that are relevant to the company's business model, management teams and shareholders.

4. Shareholder rights

4.1 Takeover defences

Anti-takeover provisions (often referred to as 'poison pills') risk entrenching management and thus can potentially damage shareholder value. We therefore believe that these should be avoided or, at a minimum, be put to shareholders for approval.

We will vote against the directors at an AGM if a poison pill was renewed or implemented but was not subject to shareholder approval. We will also support shareholder proposals to redeem poison pills. We expect companies to explain the rationale for introducing any such device and to introduce appropriate checks and balances to protect shareholder interests.

4.2 One share one vote

We support the principle of 'one share-one vote' so that voting power is commensurate with economic interests. We note that different structures exist, and we support companies listing in public markets. However, we encourage firms to implement sunset provisions to these differentiated voting rights, so they migrate to a 'one share one vote' structure over time. We will support shareholder motions that call for sunset provisions.

5. Activism

5.1. Escalation

Shareholders face scrutiny from clients and authorities regarding their effectiveness in using their rights and responsibilities to facilitate good stewardship outcomes and with filing/co-filing resolutions.

- Filing and co-filing a shareholder resolution is an escalation measure as described in the Annual Stewardship Report. These matters are considered on a case-by-case basis and deployed when other options have been exhausted.

5.2. Shareholder activism

As part of the process of shareholder activism, asset owners, managers, trade unions and other civil society groups may choose to collaborate on voting matters.

- We are open to collaboration and working with other institutions. Maintaining channels of communication with proponents is important even where we disagree on a voting matter. Where relevant we will engage with proponents to understand their views on a case-by-case basis depending on client interests and the merits of the situation.

5.3. Shareholder proposals

For all fundamental investments, shareholder resolutions are assessed on a case-by-case basis. We seek to understand the additionality and potential benefits of the proposals, i.e., does the motion address a deficit in the company's policies, disclosures or actions? We will evaluate the company's response and assurances before making a voting decision, and where relevant we will reference Jupiter's Responsible Investment Policy. We also will refer to third-party research.

Shareholder proposals are diverse and varied. We urge caution in drawing meaningful conclusions from statistics linked to percentages of proposals supported without understanding the context behind the decisions.

Proponents of shareholder proposals will have their own interests, which may not be aligned to our long-term investment goals or stewardship approach. This also applies to sustainability linked proposals, where we may be aligned with broader goals but have differing viewpoints regarding the course of action in the proposal.

The following information outlines various types of shareholder proposals which we would expect to view favourably:

i) Moving toward a more progressive director electoral systems e.g., majority voting, de-classifying boards

ii) Separating Chair/CEO roles

iii) Reducing supermajority requirements to amend articles and bylaws

iv) Limiting golden parachute/severance arrangements

ii) Improving disclosure regarding health & safety reports and audits

iii) Improving disclosure regarding progression of climate / decarbonisation strategy

iv) Improving human rights due diligence

Consumer Duty

The UK Financial Conduct Authority ("FCA") is introducing a new Consumer Duty, under which UK regulated firms must act to deliver good outcomes for retail clients. The Consumer Duty is underpinned by four key outcomes, which give further detail on the expectations on firms under the Consumer Duty and the outcomes they are expected to achieve for clients. The Consumer Duty may have a key impact in relation to the requirements of this policy. For more information in relation to these please refer to Jupiter's Conduct Risk Policy.

Please note: