

Dundas Partners LLP: Proxy Voting and Engagement Policy

Summary

Dundas Partners LLP (“Dundas”) undertakes to engage with companies and vote all client proxies in a manner reasonably expected to ensure the client’s best interest is upheld. The goal will be to engage and vote in a manner that we believe assists in maximising the value of the client’s portfolio in line with our sustainability and stewardship policies. Should a conflict of interest exist, we will engage and vote in a manner that does not substitute the client’s best interest for that of the Firm.

Approach to Engagement

Analysis of Environmental, Social, and Governance (ESG) factors is integrated into the investment process in line with our Sustainable Investment Policy. Operating as a small team with tight lines of communication allows for focused engagement with both investee companies and prospects. The aim is to understand how ESG issues impact business success and we will engage with companies to that end.

Monitoring of investee companies occurs principally through the annual stock review. Each stock’s ability to deliver sustainable dividend growth is assessed through an in-depth analysis of company financials, such as accounting policies, key sensitivities, and risks; products, customers, and competitive position; the long term growth drivers and demand trends for the industry; management’s strategy and governance, comparing it to past policy and outcomes; environmental and social practice; and ESG risks and opportunities.

Engagement may be in the form of a written letter, calls with company IR / management, face-to-face meetings, or collaborative statements. We also engage both individually and collaboratively with governments, regulators, and public policy makers on sustainable investing issues.

Engagements are tracked by the Investment Committee and, in cases where a company does not respond, we will always follow up. Failed engagements may influence investment decisions.

Proxy Voting

Members of the investment team are responsible for reviewing proposals, approving votes, and reporting this internally. Dundas has engaged Institutional Shareholder Services Inc. (ISS) to support with the processing and management portions of the proxy process. ISS receive the proxy ballots, execute votes on the Firm’s behalf, maintain voting records and provide comprehensive reports on all votes cast.

We will generally vote according to the ISS Global Voting Principles with the exception of any custom client policy. The Principles provide for four key tenets on accountability, stewardship, independence, and transparency, taking into account relevant laws, customs, and best practice codes of each market and region. These Principles underlie ISS’s approach to developing recommendations on management and shareholder proposals.

These Principles typically align with the client’s best interest, by promoting long-term shareholder value creation. However, this does not mean that we will always vote with ISS recommendations. On any aspect of business strategy where we believe the recommendation is not aligned with the client’s best interest, we will make the final decision.

If, over time, common and recurring themes of disagreement with ISS recommendations are identified, the Investment Committee may develop custom guidelines to be used in place of ISS's Global Voting Principles. Any such additional guidelines will be incorporated into this policy.

ISS carry out daily audits, detailed vote reconciliation and automated, end-of-day production checks to ensure all votes are executed accurately. Discrepancies are reported to the Firm, discussed by the Investment Committee and if necessary, reviewed by the Compliance Committee. The role of ISS is reviewed and assessed annually by the Investment Committee.

Conflicts of Interest

Dundas aims to identify potential conflicts of interest and will manage these in a manner which will not compromise the clients' interests.

As required by the Financial Conduct Authority, Dundas has in place a process for the management of conflicts of interest. This process is designed to ensure that conflicts between the interests of the Firm and its clients are managed appropriately. Our Conflicts of Interest Policy is reviewed and approved annually by our Board and is made available on the firm's website (www.dundasglobal.com).

Securities Lending

Dundas endeavours to vote all shares held and does not partake in securities lending. We focus our attention on stock research, portfolio construction, and stock monitoring, which we believe delivers the most value to our clients.

This policy is reviewed annually, or when there is a material change, and sits alongside:

- Dundas Global Investors Stewardship Report
- RI Transparency Report
- Sustainable Investment Policy
- Conflicts of Interest Policy.

As of 25.06.2021

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