



MERIDIEM
INVESTMENT MANAGEMENT

Our voting policy

August 2024

Introduction

Meridiam Investment Management is an independent investment business with a simple and transparent approach. We offer clients the benefits of a long-term perspective and a culture of partnership.

When we buy shares we become business owners with rights and responsibilities. We spend time developing relationships with the companies we invest in and use our influence as shareholders to contribute to their overall success. We regard shareholder voting as an important means of communicating with companies.

Our voting policies and engagement initiatives work hand in hand to promote good stewardship of our clients' assets. We therefore recommend that our voting policy be read alongside our [engagement policy](#). This document outlines the process and guidelines we follow when exercising our right to vote on behalf of our clients.

Voting governance

Responsibility for setting and approving our voting policy rests with our Stewardship Working Group, which is overseen by our Investment Governance Committee. Stewardship activities are carried out by our investment team.

Process

We aim to vote across all our core equity holdings. Our investment analysts are responsible for reaching voting decisions through a combination of these guidelines, our own analysis, experience and dialogue with the companies concerned.

We subscribe to a proxy voting service provided by Institutional Shareholder Services (ISS), a global leader in corporate governance and responsible investment advice. ISS provides in-depth analysis of shareholder meeting agendas, together with voting recommendations and administrative support. Our analysts refer to this information but apply their independent judgement when reaching each voting decision. When necessary, we engage with company management to improve our understanding prior to voting. Should we decide not to follow company management recommendations, we follow up with them afterwards to explain our reasons.

Where we encounter an issue that would lead us to vote against a board's recommendations, we initially abstain. We explain our reasons for doing so to company management through post-AGM letters and company engagements, and give them the opportunity to explain their perspective.

If, in the subsequent year, the issue has not been resolved or adequately addressed by management, we may begin to vote against them. If we vote against board recommendations, we write to company management after the AGM to explain our rationale and communicate our expectations.

Our post-AGM letters can also include our approval for new or on-going policies that exceed our expectations and areas for future improvement, where we choose to continue to engage rather than voting against management. For more information, please see our [engagement policy](#).

As set out above, we regard shareholder voting as an important means of communicating with companies. We follow our voting guidelines on all core portfolio holdings, where possible within administrative and regulatory requirements.

Investment analysts apply their independent judgement when reaching each voting decision.

Guidelines

Overview

We aim to vote consistently with these guidelines across all our core investments, while recognising the limitations of a policy to consider all specific circumstances and scenarios. To arrive at voting decisions that are most likely to promote long-term value creation, our analysts use their own discretion when assessing and deciding how to vote.

All decisions are informed by our analysts' in-depth knowledge of the company and our ongoing engagement with management teams and reflect what they consider is in the best long-term interests of shareholders.

We consider the central tenets of good corporate governance to be universal, as outlined in the G20/OECD Principles of Corporate Governance (2015) and ICGN Global Corporate Governance Principles (2017). At the same time, we recognise the existence of different global cultures and approaches. While we aim to vote consistently, we also seek to understand each company's individual circumstances and history, enabling us to apply our voting principles flexibly, where appropriate, and support each company's long-term success.

Voting rights

Our approach to voting rights can be summarised as 'one share, one vote'. We prefer simple capital structures and do not support anti-takeover devices. The best defence against a hostile takeover is good operational performance and a strong strategy for the future, in which case we would vote to support existing management against such an offer.

Board of directors

Director independence

We follow the European position that directors can no longer be considered independent once they have been on a board for 12 years. This contrasts with the view held more widely in the US that directors are independent if they have not held an executive role at the company within the past three years.

We are constructive on boards that have an appropriate mix of tenured and recently appointed directors, provided the chair or the Lead Independent Director (where

applicable) are truly independent directors (as defined above). In addition, we strongly prefer that the chairs of sub-committees are independent.

Board structure and diversity

We believe that boards should have a majority of independent non-executive directors who are able to hold executive management to account.

We encourage board diversity in all forms: gender, ethnicity, professional skills, experience and age, relevant to the stakeholder base of the individual company. This brings varied perspectives, creativity and insights that are much needed in a rapidly changing world.

Directors should be re-elected with sufficient frequency to provide shareholders with the opportunity to support those who are performing their roles responsibly and remove those who are not promoting best practice.

Joint CEO and chair roles

We consider best practice here to be separate CEO and chair roles. However, where there is a joint position, we expect to see a truly independent Lead Independent Director.

Board committees

As referenced above, we prefer committees (e.g. remuneration, audit, nominations) to be chaired by truly independent directors (as defined above).

We also expect that the committee chair has adequate expertise and skills to fulfil their duties. This is especially important for the chair of the audit committee, where we aim to see CFO or accounting experience.

Over-boarding

We generally consider directors with positions on more than four public boards to be over-boarded, especially if this includes executive roles.

Remuneration

We abide by the following guidelines when reviewing company compensation packages:

Long-term alignment

Management should be motivated over a long-term horizon. We prefer a majority weighting towards long-term performance versus short-term incentives. We support the alignment of shareholder and management incentives through share rewards and ownership plans. However, we are cautious of overly dilutive schemes and those that vest over short time periods.

Performance

We prefer to see a majority weighting towards performance-linked compensation rather than fixed or time-based compensation. We consider the resetting of targets to meet minimum thresholds for performance-linked pay to be a red flag and would not support this practice without further discussion.

Metrics and peer-group comparison

We look for awards based on a range of targets (as appropriate to the individual business), with high pay-outs only available for exceptional performance. We review peer-group comparisons for relevance and to identify unexpected inclusions and exclusions.

ESG metrics

We look for the inclusion of ESG metrics where these are relevant to the business in question. We expect ESG metrics to encourage progress on stated strategic and financial targets, but not to encourage changes that are already required due to regulatory change or reward behaviours that should be ordinarily expected of management.

Auditor tenure

The appointment of auditors is a key shareholder responsibility, and one we take seriously given past instances of high-profile failures.

We expect auditors to be re-appointed annually. The audit should be re-tendered on a periodic basis, ideally every 10 years, and audit firms changed every 20 years, in line with European best practice.

Non-audit fees should be minimised. We regard high payments for non-audit work as a red flag that calls auditor independence into question.

Capital allocation

We prefer that resolutions to approve dividends and share repurchase programmes are proposed separately, as both represent a meaningful tool for efficient capital allocation. We generally invest in companies that have attractive organic growth prospects over many years, as this is typically a lower-risk route to value creation. However, we would expect to vote in support of management on significant mergers and acquisitions if the financial rationale is compelling.

Shareholder proposals

As with all other voting decisions, we review shareholder proposals on a case-by-case basis.

We typically support proposals that increase shareholder rights (e.g. supporting lowering the threshold to call a special meeting) or improve company disclosure on material issues (e.g. requests for gender pay gap reports).

We support management against proposals that are immaterial, could prove overly onerous for the board, or allow excessive influence of larger shareholders.

Environmental and social considerations

While very rare, we are willing to vote against board members where there has been insufficient progress towards disclosing relevant and material environmental and social data.

Reporting

We provide our clients with an annual stewardship report that details the voting and engagement activity that we have carried out on their behalf. This report is publicly available on our website. Our report includes an overview of our voting record and, in line with the Shareholder Rights Directive II, detailed case studies of significant votes.

Managing conflicts of interest

We seek to promote the long-term success of companies, including those with which we have a commercial relationship or where clients may have differing views on the outcome of a stewardship activity. In the event of a conflict over our approach to voting or engagement, the matter would be escalated to our Investment Governance Committee.



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