COUTTS
VOTING POLICY

Coutts

This document sets out the Coutts approach to voting. Coutts regards voting, and stewardship more broadly, as integral to our investment process. We see active engagement and exercising our voting rights as one of the key ways to drive positive long-term change. We believe that it's inherently connected to our commitment to be a responsible investor. Investing in companies gives us the right to vote at shareholder meetings and plays a crucial role in helping a company improve the quality of their ESG reporting and enables us to request action.

We recognise the importance of being an active owner and are convinced that fulfilling our responsibilities as a shareholder is part of our duty as a proper steward of our clients' assets. We believe that by working with partners we can strengthen our overall offering and help deliver better outcomes for our clients.

As an active investor, Coutts takes a blended approach to investing, which means that we construct funds and portfolios by investing in:

1. Our own Coutts funds.
2. Externally managed active and passive funds.
3. Direct equity and fixed income investments.

The following sections detail how our approach to voting differs depending on the way we invest and our ability to exercise direct control.

VOTING APPROACH FOR OUR COUTTS FUND RANGE

Our discretionary portfolios and funds have exposure to our Coutts funds, which are managed by BlackRock but follow our own ESG policy. The Coutts fund range we vote within consists of the following funds:

- Coutts Actively Managed US Equity Fund.
- Coutts Actively Managed UK Equity Fund.
- Coutts US ESG Insights Equity Fund.
- Coutts UK ESG Insights Equity Fund.
- Coutts Europe Ex-UK ESG Insights Equity Fund.
- Coutts North America ESG Insights Equity Fund.
- Coutts Emerging Markets ESG Insights Equity Fund.

Voting recommendations for holdings within these funds are provided by EOS at Federated Hermes (EOS)based on the voting policy outlined below. Recommendations are reviewed by the Responsible Investing team to ensure these are in line with our own views. In most cases we will vote in line with the recommendations put forward by EOS. However, there have been a limited number of instances where we have decided that it was in the best interest of our clients to vote against the proposed recommendations. When this happens, we amend our vote and record the rationale internally.

We work with EOS who are one of the world's largest stewardship service providers representing client assets of US$1.3 trillion for our voting and engagement as we are confident in their expertise, experience, and ability to provide voting recommendations in line with our own approach to responsible investing. Additionally, their voting recommendations are often engagement-led and involve communicating with company management and boards around the vote. This ensures that the voting rationale is understood by the company and that the recommendations are well-informed and lead to change where necessary.

We are committed to providing transparency on our voting activity and publish annual and quarterly overviews of it on our disclosures page which can be found within coutts.com/responsibleinvesting. We also publish insight articles on our website designed to bring our voting and engagement activity to life.

VOTING APPROACH FOR EXTERNALLY MANAGED FUNDS

Our discretionary funds and portfolios also have exposure to externally managed, third-party funds. As we invest in the funds and not in the underlying holdings directly, this means that we delegate the responsibility to vote on these holdings to the third-party fund manager. While this means that our voting policy is not directly applicable, we do at all times we maintain strong oversight of the fund managers we invest in, and review their voting policy and voting activity on a regular basis. We will also challenge fund managers on their voting and engagement policies if we feel they are not sufficiently demonstrating their active ownership responsibilities.

VOTING APPROACH FOR DIRECT EQUITY

Where our multi-asset funds are directly invested in equity, voting recommendations are provided by EOS at Federated Hermes and we follow the same process as within our Coutts fund range. We currently do not vote on direct holdings held within our discretionary portfolios[2].

SECURITIES LENDING

Securities lending is the process whereby securities can be lent to approved borrowers in exchange for a fee. Allowing this to take place benefits our clients, who could potentially see increased returns on their investments. However, this process can, at times, limit our ability to exercise our voting rights as detailed in this policy. For externally managed funds, the fund managers are responsible for the securities lending.

While we have decided to allow for the exercise of securities lending to occur within our Coutts ESG Insights funds[1], we have put in place a number of conditions to ensure our ability to vote on these securities is not compromised.

1. Coutts has instructed BlackRock to limit the number of shares that can be lent out at a time to a maximum of 50%. This ensures that we retain the majority of our voting-eligible shares at all times, and can therefore continue to exercise our rights as asset owners to vote.
2. Coutts also sets the condition that only those on an approved third-party borrowers list are able to have access to Coutts securities. That list is compiled and approved by us and maintained by BlackRock, and reviewed every year.

Additionally, ESG baseline screens are applied to the collateral pool for all BlackRock-managed Coutts funds that have securities lending enabled.

Notes:

1. See section "our approach to voting in our Coutts fund range" for an overview of the ESG Insights funds.
2. Represents less than 1% of our total AuM as at 31/12/2023

SHAREBLOCKING AND OTHER LIMITATIONS TO VOTING

Share-blocking occurs when proxy voters have their equity holdings blocked from trading during a company's annual meeting – a period which typically lasts from a few days to two weeks. During this time, no portfolio holdings can be sold without a formal recall. To maintain liquidity, Coutts may at times refrain from voting if we believe that this could potentially restrict our ability to sell out of a particular equity holding within a certain period. However, as we are committed to voting, we will ensure that we retain our ability to vote on the majority of our holdings within a company.

Where we manage investments on a discretionary basis for our clients, individual equity holdings might be held in a pooled nominee account, which offers cost and liquidity benefits to our clients. While this does not impact our engagement with the companies we invest in, our ability to exercise our voting rights may at times be limited. While we remain committed to exercising our voting powers on behalf of our clients, we believe that the increased costs and complexities would not serve the best interest of our clients. Given our commitment to voting and engagement, we are working towards a solution that would allow us to exercise our voting rights even when individual equity holdings are held within our nominee account.

PRE-DECLARATION OF VOTING INTENTIONS

At times, we may choose to pre-declare our voting. We have a selective approach to this and any vote we pre-declare will only be applicable to holdings within our Coutts fund range.

For more information on our investment exclusions please contact your private banker or wealth manager, or visit coutts.com/responsibleinvesting.

Last Updated: April 2024

THE NEXT SECTION OF THIS DOCUMENT DETAILS EOS AT FEDERATED HERMES GLOBAL VOTING GUIDELINES

EOS AT FEDERATED HERMES GLOBAL VOTING GUIDELINES

May 2023

This document articulates EOS at Federated Hermes ("EOS") global proxy voting guidelines which inform our recommendations to proxy voting clients. It explicitly references environmental, social and governance (ESG) factors and aims to harness voting rights as an asset to be deployed in support of achieving engagement outcomes.

Our Guidelines are informed by a hierarchy of external and internally-developed global and regional best practice guidelines (see Appendix 1); principally, our EOS-developed regional corporate governance principles[1], which set out our fundamental expectations of companies in which our clients invest, including regarding business strategy, communications, financial structure, governance and the management of social and environmental risks. These principles articulate the EOS house position on key ESG issues and are informed by external local market standards, including the Organisation for Economic Co-operation and Development Principles for Corporate Governance and national corporate governance codes, as well as the views of our clients, which are expressed more fully in our annually-refreshed Engagement Plan[2].

This document does not seek to repeat all of the expectations articulated in our regional corporate governance principles, but rather outlines how these expectations translate into specific voting policies on issues put to shareholder votes at annual meetings. Given the significant variation across markets, this global voting policy does not seek to provide an exhaustive list of EOS' policies on all voting matters but rather sets out our broad position on a number of key topics with global applicability.

PRINCIPLES

1. **No abstention:** EOS aims to recommend voting either in favour or against a resolution and only to abstain in exceptional circumstances such as where our vote is conflicted, a resolution is to be withdrawn, or there is insufficient information upon which to base a decision.

2. **Support for management:** EOS seeks to be supportive of boards and to recommend votes in favour of proposals unless there is a good reason not to do so in accordance with its voting policies, global or regional governance standards or otherwise to protect long-term shareholder interests.

3. **Consistency of voting:** To provide companies with clear guidance of our expectations, EOS seeks to take a consistent position on issues and reflect this in our voting recommendations, in accordance with our stated policies and guidelines. However, recognising the limitations of any policy to anticipate all potential scenarios, EOS reserves the right to use our discretion when recommending votes and to recommend in line with the outcome which EOS believes will best serve our clients' long-term interests, taking into account market and company-specific circumstances and our engagement with companies, where relevant.

4. **Engagement:** For a defined set of high priority companies (watchlist companies) we will endeavour to engage prior to recommending voting against a resolution if there is a reasonable prospect that this will either generate further information to enable a better quality of voting decision or to change the approach taken by the company. We will also seek to inform such companies of any recommended votes against management, together with the reasons why. For non-watchlist companies, we will inform companies on a best efforts basis.

Notes:

For the latest list of EOS Corporate Governance principles in our key markets, please see:

1. Click here to reveal more | 2. Click here to reveal more

GLOBAL VOTING POLICY

Board and directors

1. **Board independence:** We expect boards to meet minimum standards of independence to be able to hold management to account and may recommend voting against the election of directors whose appointment would cause independence to fall below these standards, and/or against the chair of the board where we have serious concerns. We set minimum standards at a market level but, as a general guide, we expect at least half of the board directors to be independent in companies with a dispersed ownership structure, and at least one third to be independent in controlled companies. In judging a director's independence, our considerations include, but are not limited to, length of tenure, concurrent service with other board members, whether they represent a significant shareholder, and whether they have any direct, material relationship with the company, other directors or its executives, including receiving any remuneration beyond director fees. Our expectations may exceed the minimum standards set by regulation or best practice codes in some markets.

2. **Board committees:** Where separate committees are established to oversee remuneration, audit, nomination and other topics, we may recommend voting against chairs or members where we have concerns about independence, skills, the director's attendance or ability to commit to the role, or the matters overseen by the committee.

3. **Board diversity:** In recognition of the value that diversity of thought, skills and attributes brings to board oversight we will consider recommending voting against relevant directors, including the chair, where we consider board diversity – in terms of gender, ethnicity, age, functional and geographic experience, tenure, and other characteristics – to be below minimum thresholds. Some thresholds, such as gender or ethnic diversity, are defined at a market level; others, such as skills and experience, are more globally consistent. Our expectations may exceed the minimum standards set by regulation or best practice codes in some markets.

4. **Director election:** We will generally recommend supporting the election of directors unless there are specific concerns relating to issues such as board independence and composition; a director's skills, experience or suitability for the role; a director's attendance or ability to commit time to the role; or governance or other failures which a director has oversight of or involvement in – at this or another company.

5. **Director attendance:** We may recommend voting against directors who miss a substantial number of meetings – as a guideline, 25% or more – without sufficient explanation.

6. **Director commitments:** We will consider recommending voting against a director who appears over- committed to other duties, with the guideline of having no more than five directorships. When considering this issue, we take into account a number of factors, including the size and complexity of roles, with certain industries such as banking (due to its business model and regulatory complexity) and multi-site operating companies such as international mining (due to the need for site visits) requiring more time commitment. As a broad guideline, we consider a chair role equivalent to two non-executive directorships and an executive role equivalent to four non-executive directorships. A chair should not hold another executive role and an executive should hold no more than one non-executive role, except for cases where serving as a shareholder representative on boards is an explicit part of an executive's responsibilities. At complex companies, committee chair roles, in particular the chair of the audit and risk committee, may be considered more burdensome than a typical non-executive directorship. A significant post at a civil society organisation or in public life would normally also count as equivalent to a directorship, whether executive, non-executive or a chair role.

Remuneration

We set market-specific voting policies on remuneration with reference to our Remuneration Principles[3], and according to local market practice. Our broad guidelines are:

3. Click here to reveal more.

7. **Alignment to long-term value:** We will consider opposing incentive arrangements that do not align to the creation of long-term value for shareholders and other stakeholders including, for example, those which disproportionally focus on short-term growth of share price or total shareholder returns.
8. **Executive shareholdings:** We support executive management making material, long-term investment in the company's shares and may oppose remuneration proposals and reports where shareholding requirements or actual executive shareholdings are insufficient. As a general guideline, we support the aim that executives hold at least 500% of salary in shares and no less than 200%, with varying minimum thresholds based on regional pay practices.
9. **Complexity:** We will consider voting against overly complex incentive arrangements which are difficult for investors and others to readily understand. An important factor in assessing complexity is the number of different components that comprise the whole remuneration package.
10. **Variable to fixed pay:** We will consider voting against proposed incentive schemes or pay awards where we consider the ratio of variable pay relative to fixed pay to be too high, as part of our long-term desire to see simpler pay schemes, based on majority fixed pay and long-term share ownership. We set varying maximum thresholds for variable pay to reflect regional pay practices.
11. **Justification for high pay:** We will consider voting against pay proposals which appear excessive in the context of wider industry pay practices or where executive pay is raised significantly above inflation or that of the workforce average without a convincing justification.
12. **Discretion:** We expect boards and remuneration committees to apply discretion to ensure pay outcomes are aligned with performance and the wider experience of shareholders and may oppose remuneration reports and the election of relevant directors where this is not the case.
13. **Disclosure:** We will generally recommend voting against remuneration reporting where disclosure is insufficient to understand the approach to incentive arrangements and how pay outcomes have been achieved, or where disclosure otherwise falls below expected market practice.

Audit

14. **Ratification of external auditors:** We will generally oppose the ratification of external auditors and/or the payment of audit fees where we have concerns, including those relating to audit quality or independence, or controversies involving the audit partner or firm.

Protection of shareholder rights

15. **Limitation of shareholder rights:** We will generally recommend voting against any limitation on shareholder rights or the transfer of authority from shareholders to directors and only support proposals which enhance shareholder rights or maximise shareholder value.
16. **Related-party transactions:** We will generally only support related-party transactions (RPTs) which are made on terms equivalent to those that would prevail in an arm's length transaction, together with good supporting evidence. We expect RPTs to be overseen and reviewed by independent board directors with annual disclosure of significant RPTs.

17. **Differential voting rights:** We will generally recommend voting against the authorisation of stock with differential voting rights if the issuance of such stock would adversely affect the voting rights of existing shareholders.

18. **Anti-takeover proposals:** We will generally recommend voting against anti-takeover proposals or other 'poison pill' arrangements including the authority to grant shares which may be used in such a manner.

19. **Poll voting:** We will generally support proposals to adopt mandatory voting by poll and full disclosure of voting outcomes, together with proposals to adopt confidential voting and independent vote tabulation practices.

20. **Authorities to allot shares:** We will generally recommend voting against unusual or excessive authorities to increase issued share capital.

21. **Rights issues:** We generally support rights issues, provided that shareholder approval is obtained for any rights issue for any significant amount of capital (greater than 10% of share capital).

22. **Market purchase of ordinary shares (share buybacks):** We will generally support proposals for a general authority to buy back shares provided these meet local governance standards. We may not support this authority where it exceeds a period of 18 months, where the potential effect of the buyback programme on executive remuneration is not made sufficiently clear, or where we oppose the strategy for long-term capital allocation.

23. **Bundled resolutions:** We will generally recommend voting against a resolution relating to capital decisions, where the resolution has bundled more than one decision into a single resolution, denying investors the opportunity to make separate voting decisions on separate issues.

24. **Virtual/electronic general meetings:** We will generally recommend voting against proposals allowing for the conveying of virtual-only shareholder meetings, unless such arrangements a temporary solution in response to restrictions on in-person gatherings. We may accept meetings to be convened in a 'hybrid' format – where shareholders have the option to join the meeting via an online platform or to join in person, provided all shareholder rights are protected or enhanced.

Commercial transactions

25. **Commercial transactions:** When considering our voting recommendation on a commercial transaction, we consider a range of factors in the context of seeking to protect and promote long-term, sustainable value. These include: consistency with strategy; risks and opportunities (the key risks and opportunities and the extent to which these appear to have been managed); and conflicts of interest. The underlying expectation is that due process is followed, with information made available to all shareholders.

Shareholder resolutions

26. **Shareholder resolutions:** We support the selective use of shareholder resolutions as a useful tool for communicating investor concerns and priorities or the assertion of shareholder rights, and as a supplement to or escalation of direct engagement with companies. We consider such resolutions on a case-by-case basis. When considering whether or not to support resolutions, we consider factors which help ensure that the proposal promotes long-term shareholders' interests, including: what the company is already doing or has committed to do; the nature and motivations of the filers, if known; and what potential impacts – positive and negative – the proposal could have on the company if implemented.

Climate change

27. **Climate change:** We will consider recommending voting against the chair, and other relevant directors or resolutions, at companies where we consider a company's response to the risks and opportunities presented by climate change to be materially misaligned with the goals of the Paris Agreement. Our assessment is informed by a range of indicators, including the Transition Pathway Initiative assessment and the Climate Action 100+ Benchmark.

28. **Climate transition plans:** On votes on climate transition plans, we will assess proposals against key criteria of (i) alignment to the Paris Goals and achieving 1.5C; (ii) the quality of the plan to deliver this; and (iii) the commitment of the company to achieving its stated goals.

Human rights

29. **Human rights:** Where we have significant concerns about a company's actions relating to human rights, we will consider voting against relevant directors, the discharge of management or other relevant resolutions. Our assessment is informed by a range of indicators, such as a failure to comply with legislation or internationally-recognised guidance (such as the UN Guiding Principles for Business and Human Rights), or evidence that a company has caused or contributed to egregious, adverse human rights impacts or controversies and has failed to provide appropriate remedy.

APPENDIX 1

Since governance conventions differ across global markets, EOS has found it necessary to tailor its approach to local market conditions when making voting recommendations for its proxy voting client holdings. EOS applies local market conventions in 20 markets around the world as a final overlay in the voting decision-making process. Those 20 markets for which EOS has developed region-specific principles are listed below.

Where possible, EOS has built its regional principles on top of a suitable local market standard. This has been possible for 16 of the 20 regional principles. These local market standards are listed below.

EOS Regional Principles	Associated Local Market Standards
Australia	The ASX Corporate Governance Principles
Brazil	Brazilian Corporate Governance Code
Canada	The Canadian Coalition for Good Governance
Mainland China & Hong Kong	The Code of Corporate Governance for Listed Companies The Corporate Governance Code
Denmark	Committee on Corporate Governance Recommendations for corporate governance
France	Corporate Governance Code of Listed Corporations
Germany	The German Corporate Governance Code
India	2013 Companies Act
Italy	The Italian Corporate Governance Code
Japan	The Asian Corporate Governance Association's "White Paper on Corporate Governance in Japan"
Mexico	The Code of Best Practices in Corporate Governance
The Netherlands	Dutch Corporate Governance Code
Russia	The Federal Commission for the Securities Markets' "Code of Corporate Conduct", and the OECD's "White Paper on Corporate Governance in Russia"
South Africa	King Code of Corporate Governance
South Korea	Act on Corporate Governance of Financial Institutions
Spain	The Comisión Nacional del Mercado de Valores' "Unified Good Governance Code of Listed Companies
Sweden	The Swedish Code of Corporate Governance
Switzerland	The Swiss Code of Best Practice for Corporate Governance
Taiwan	Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
United Kingdom	The UK Corporate Governance Code

IMPLEMENTATION

EOS provides voting recommendations to our clients in collaboration with Institutional Shareholder Services Inc. (ISS), leveraging its primary research and infrastructure (including the ISS ProxyExchange platform) to provide recommendations on approximately 10,000 shareholder meetings annually. EOS provides voting recommendations to clients, but clients retain full discretion over their final voting decision and are able to elect to override EOS' recommendation. Clients are encouraged and empowered to contact EOS for further background on voting recommendations.

We seek to intelligently deploy EOS engagement professionals to ensure we are able to provide wide coverage, while prioritising those meetings requiring more detailed analysis – for example, where our clients have material holdings, or where decisions cannot be readily reached through the application of a voting policy. In recent years, approximately 30% of the shareholder meetings for which we provided recommendations were manually reviewed by an engagement professional.

The majority of recommendations made in in accordance with market-specific EOS custom voting policies are implemented by ISS based on its primary research. These custom policies are devised by EOS analysts to reflect our voting guidelines and principles and are reviewed at least annually to reflect developments in our and our clients' views and in market practice. These policies define circumstances in which votes should be escalated to an engagement professional, through the application of a refer recommendation by ISS. ISS will also refer any proposals that cannot be readily resolved through application of our custom policy. The engager then reviews the proposals, conducting further research and engaging with the company as relevant, before making a recommendation.

We have defined a sub-set of issuers (the 'watchlist') where voting recommendations are always reviewed by an engagement professional, and with which we seek to engage wherever practicable. Watchlist companies are those that we consider to be inherently material – for example, due to the aggregate size of our clients' holdings, the presence of material ESG risks, or because they are included in the core EOS engagement programme. Companies in the engagement programme are those we seek to engage with regularly on a wide set of ESG topics and are themselves selected based on factors including the aggregate size of client holdings and the materiality of ESG risks and opportunities.