



—
Investing for a
world of change

Stewardship Policy and Proxy Voting Guidelines

Contents

Stewardship statement

Ninety One's goal is to provide long-term investment returns for its clients while making a positive difference to people and the planet. It is committed to being a responsible steward of clients' capital and delivering sustainability with substance. Stewardship is therefore a vital component of the investment management process, as it ensures responsible allocation of capital as well as the ongoing management and oversight of its investments. This is done in order to preserve and create sustainable long-term value for its clients. Ninety One is committed to monitoring, evaluating and, if necessary, actively engaging and/or withdrawing investments where it believes it is in the best interest of its clients. This includes exercising its clients' ownership rights, for example through proxy voting.

As an active steward of its clients' capital, Ninety One incorporates its stewardship role through all phases of the investment cycle. This includes:

- Fundamental research: undertaking a robust research process, which includes the assessment of environmental, social and governance (ESG) issues to ensure the responsible allocation of capital.
- Portfolio construction and monitoring: allocating capital to companies considering ESG issues, pricing these risks to the extent possible, and considering ongoing opportunities for engagement and influence.
- Engagement: where issues which materially affect long-term value creation and preservation are identified, Ninety One will undertake active engagement with the management of those assets to achieve positive change where appropriate.
- Proxy voting: Ninety One's stewardship principles and voting policies are reflected in the execution of our proxy voting process.

Ninety One applies its stewardship approach and principles across all the asset classes in which it invests, tailoring its stewardship efforts at the different stages of the investment cycle, depending on the opportunities and constraints of each asset class and the particular nature of the investment strategy. Central to these stewardship strategies is the protection and enhancement of its client portfolios.

Ninety One's approach to engagement and voting is informed by policies in relation to five areas of corporate governance, which it considers key to ensuring long-term value:

- Leadership and strategic control
- Alignment with the long term
- Sustainability risks including climate change
- Protecting client capital
- Audit and disclosure

Within the various jurisdictions in which Ninety One invests, it seeks to contribute meaningfully towards the development of a successful stewardship framework for investment and ownership. The firm endorses a range of globally recognised governance principles¹, which represent a broad set of standards, and views them as suitable for listed companies across most markets. Where appropriate, Ninety One will seek to influence the development of policy, regulation and laws, aiming to facilitate the deployment of efficient capital markets and the development of favourable environments for shareholder rights and interests.

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The UK Stewardship Code 2020

1. G20 OECD Principles of Corporate Governance, King IV in South Africa and UK Corporate Governance Code.

Ninety One's stewardship principles

1

Ninety One will support a long-term investment perspective by integrating, engaging, escalating and monitoring material investment risks, including ESG issues.

2

Ninety One will exercise its ownership rights responsibly including engagement and voting rights.

3

Ninety One will address internal governance of effective stewardship including conflicts of interest and potential obstacles.

4

Ninety One will disclose how it discharges its stewardship duties through publicly available policies and reporting.

5

Ninety One is, where appropriate, willing to act alongside other investors.

Implementing Ninety One's approach

Integration of stewardship principles

Ninety One recognises that, in taking a long-term perspective, material investment risks, including ESG issues should form part of fundamental investment analysis as this speaks to the inherent risk of a business and therefore will need to be reflected in its cost of capital. The effective incorporation of these considerations may be achieved by means of screening, fundamental analysis or any other method deemed appropriate, including the seeking of external advice.

Engaging with companies

Ninety One sees engagement as the preferred means to address material risks and issues that can affect the value of its clients' capital. Engagements are communications which have a clear purpose and identifiable outcome.

Where engaging is appropriate for a given strategy, Ninety One will consider the potential for taking forward engagement based on various factors, including the ability to exert influence, and the nature and severity of the potential issue. The extent of engagement activities will vary depending on this assessment. Ninety One has two engagement categories:

- **Strategic engagements:** Firmwide priority engagements to address critical, systemic, or market-wide risks and opportunities.
- **General engagements:** Entity specific engagements carried out by capabilities as part of their investment research and decision-making. The type and extent of engagement activity will vary depending on the materiality of the issue, and the potential to deliver a positive outcome.

Consistent with Ninety One's stewardship approach, engagement will generally be carried out by the investment team. Specific engagement will take place between the analyst, portfolio manager and the chairman, directors or other officers of the company, supported by the sustainability team where relevant. In cases where engagement is not successful, Ninety One will consider enacting its shareholder rights. These generally include using voting rights and working with other shareholders. As shareholders we also have the option to raise resolutions, propose candidates to the board, call shareholder meetings, and investigate the possibility of legal recourse, if required. In instances where there has been a clear breach of regulations by a company, or officers of the company, and as a result owners are placed at risk, Ninety One may seek intervention by the relevant regulatory body to address the breach. Whether engaging with the board in its own capacity, or in collaboration with other shareholders, Ninety One will seek to resolve an issue rather than escalating it to a level which may be damaging to the company and thus its own holding.

Ninety One will endeavour to communicate with companies in a constructive and clear manner. Communication should be founded on a mutual understanding of motive, and should seek to objectively establish a rationale for change to occur. Ninety One expects the boards and management of companies with whom it engages to respect the role that it plays on behalf of its clients. Accordingly, the officers of the company should present their responses to Ninety One's questions and recommendations in a clear, honest and constructive manner. In communicating ownership concerns, Ninety One will generally address issues to the management of the company, except issues which are considered significant where we generally aim to engage the board or chairperson. In instances where the chairman is not independent, Ninety One will seek to engage directly with the lead independent director. When appropriate, matters will be addressed through the company secretary to ensure that the board is collectively informed about material issues that are being raised. As part of an effective engagement process, Ninety One may also engage with management and other relevant stakeholders to understand and communicate information relevant to its role as an active owner.

Exercising ownership rights

Exercising ownership rights is a key means through which Ninety One, as a shareholder, can deliver its objective to enhance the value of its client assets, and ensure that it delivers on the mandates of its clients.

Ninety One sees the governance of companies and hence the board as an extension of ownership. Owners are therefore the source of board authority over management. It is thus vital to have strong owners who are motivated by the company's ability to create sustainable value, who can reinforce the board's mandate and ensure its quality and accountability, and provide input when changes need to take place.

Ninety One is intent on playing a role in ensuring that the boards of the companies in which it invests focus on the preservation and growth of shareholder value. This approach relies on a high level of interaction between Ninety One and company boards, notably the chairperson, the lead independent directors (LID) and company secretaries to support the ongoing objective of higher levels of accountability. Innovative methods that can facilitate this, such as shareholder committees, will be encouraged and supported.

Good governance entails the board looking at every issue with which it has to deal, and devising a policy and framework that can be implemented by management. The board also has the function of curbing the excesses of management, ensuring that risks are managed and ensuring that management's interests remain aligned with the strategic direction of the company.

Ninety One believes that effective shareholder rights are the cornerstone of ownership rights. Ninety One will support and actively lobby for regulatory changes that can facilitate better communication between companies and their owners.

All major decisions that impact the nature of the company should be presented to all shareholders for approval. To be effective, Ninety One believes that the following are key:

- **One vote for one share.** There should be one vote for one share, since this aligns shareholders' voting rights with their economic exposure. The boards of companies should do their utmost to ensure that these rights are exercised and should oppose any efforts to restrict these rights. As such, Ninety One defends the equitable treatment of all shareholders, especially minority shareholders. As a matter of principle, the creation of different share classes that confer disproportionate rights and privileges onto certain shareholders will be questioned by Ninety One. Where such rights exist, these should be clearly disclosed and justified, and one class should not have superior voting rights with respect to matters that affect the capital of other share classes
- **Timely provision of transparent information.** A company's board must ensure the timely release of all material information pertaining to voting issues. The information relating to any of the proposals or resolutions given to shareholders is considered, candid and sufficient for the shareholder to make their decision in a diligent manner. While different jurisdictions may vary in terms of record dates and timeframes, Ninety One believes that the relevant cut-off dates should allow sufficient time for all shareholders to consider the decision at hand. Critically, the timeframe should allow Ninety One to communicate with its clients when necessary and carry out engagements where appropriate. Thus, Ninety One will actively oppose any resolutions clearly intended to acquire shareholder consent by default by not allowing adequate time or sufficient information for shareholders to consider matters.
- **Easy access to voting.** Ninety One supports voting by way of a poll and believes that votes which ask for a 'show of hands' disenfranchise proxy shareholders and those not present at the meeting. Ninety One views this as an abrogation of shareholders' rights, and supports the introduction of electronic voting in all markets as well as the removal of paper- and fax-based voting. Moreover, where appropriate Ninety One will support the introduction of real-time shareholder meetings, where questions can be publicly raised through web-based links, so long as these arrangements do not remove the opportunity for shareholders to attend in person.
- **Clear record taking.** Ninety One believes that all issues raised at shareholder meetings should be clearly recorded in detailed minutes and placed on public record. This includes the prompt online disclosure of vote outcomes, as a percentage of votes cast, and on a per-resolution basis.

Executing the proxy voting process

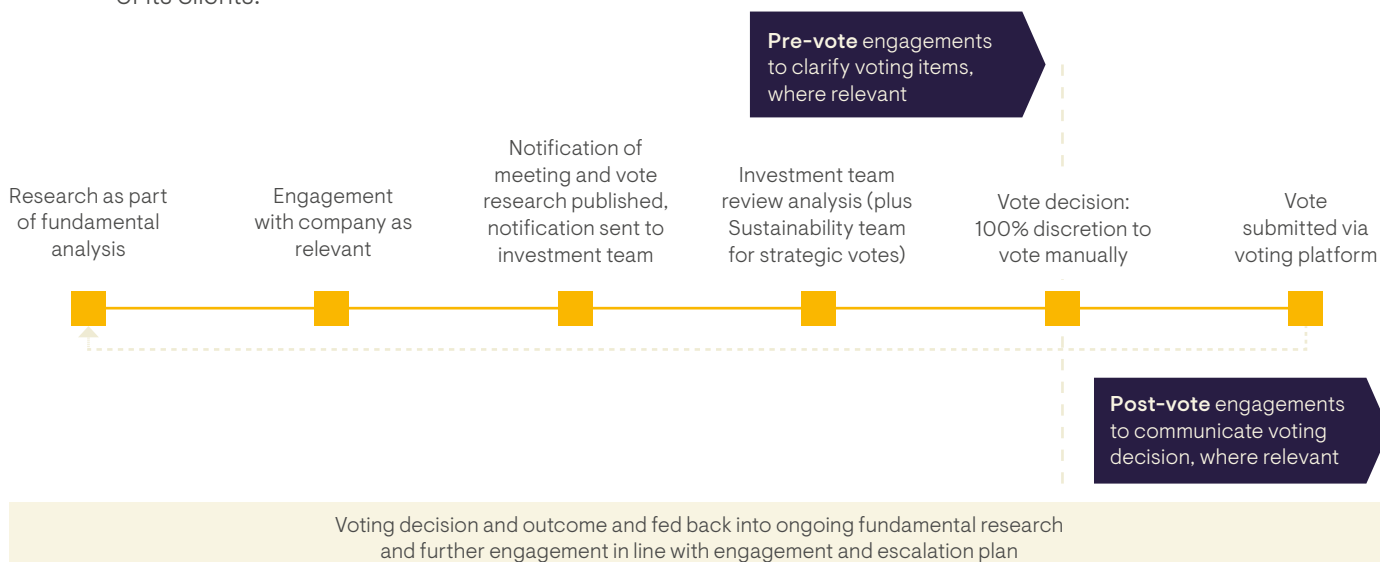
All relevant strategies are expected to participate in exercising shareholder rights on companies owned, voting via proxy or in person at all applicable meetings. Such voting is conducted in accordance with the proxy voting guidelines set out below, taking into account client interests and market-specific characteristics (e.g., share-blocking markets).

The overall proxy voting guidelines rest within Ninety One’s broader stewardship policy framework, and reflect the principles and approach described above. The voting guidelines in this document apply across all of Ninety One’s holdings as allowed by legal arrangements. Ninety One recognises that local best-practice codes may differ; although its proxy voting guidelines apply globally, it recognises regional differences. In markets where the codes are still evolving and not yet fully aligned with global best practice, Ninety One will take this into account. In these markets, Ninety One aims to engage actively with policymakers, regulators and stock exchanges, together with other global and local investors, to address the more critical potential shortcomings. Furthermore, Ninety One considers the size and maturity of each individual business, and if deemed appropriate, it may take a more pragmatic approach while remaining actively engaged.

Some clients may have their own policy which differs from that of Ninety One. In this situation, clients are expected to opt out of Stewardship Policy and Proxy Voting guidelines, so that an alternative system can be put in place that accommodates the client’s own guidelines.

The diagram below shows how Ninety One executes the proxy voting process. Note that Ninety One does not outsource the voting decision to any third party, as it carries out the decision and execution of the vote in-house. It uses an external proxy research service provider to produce tailored reports. These reports include vote recommendations (not instructions) that arise from applying Ninety One’s voting guidelines. The vote decision is then reached by the relevant investment teams in accordance with the investment philosophy, supported by the sustainability and proxy voting teams. Although highly unusual, investment teams may occasionally vote differently from one another based on their unique strategies. The votes are subsequently instructed electronically via the proxy research service provider’s voting platform. Ninety One’s relationship with its service providers in this respect will be contractually defined and managed in terms of a clear service-level agreement.

Ninety One will bear the responsibility for all voting decisions that it makes on behalf of its clients.



Monitoring and reporting

Ninety One measures its engagement progress and documents all dialogue and outcomes in order to monitor success against its initial engagement objectives.

Ninety One will publish votes on its website after the associated meeting has taken place. Where Ninety One's ownership policy determines that a negative vote is cast, Ninety One will, if it is deemed appropriate and beneficial, communicate why it has opposed a particular resolution. Where Ninety One feels that it is necessary to communicate with the company in relation to its voting decision, this will be done in advance of the meeting. This aims to provide sufficient time for engagement to take place and appropriate amendments to be made to the voting decision.

Ninety One publicly discloses its voting decisions on a monthly basis on its website. (www.ninetyone.com/en/investment-expertise/stewardship/proxy-voting-results)

In line with the Shareholder Rights Directive II, Ninety One also publishes information annually on its significant votes. These are considered to be those where there is a significant holding (>5% of the shares or 5% of a fund) and is a dissenting vote against management, or those where there is a significant qualitative factor in that the vote relates to: an ESG issue, a shareholder resolution with a dissenting vote against management, or a significant corporate transaction.

Ninety One fully supports clients that take an active interest in fulfilling their ownership responsibilities. While reporting will be customised to meet specific requirements, Ninety One intends to ensure that clients are kept well informed, on a timely basis, as to how the firm is fulfilling ownership responsibilities on their behalf.

Collaborating with others

Ninety One may work with other shareholders from time to time to promote good governance and prevent any destruction in value. In particular, Ninety One will seek to collaborate where bilateral engagement and executing of ownership rights have not resulted in improvement in governance, and therefore escalation should be considered to protect shareholder value.

Discussions that take place will relate to specific voting actions, and will at no stage seek managerial control or control over the assets of the company. While legislation differs across different terrains, Ninety One holds the view that the frequently used defence by boards and management against collaborating shareholders of a 'concert party' action, which necessitates an offer to all shareholders, is unfounded. Ninety One maintains that a concert party action has to be transaction-based, and that it is a digression that has little bearing on shareholders working together to address governance concerns in a company.

Subject to the interests of its clients, Ninety One may seek to become involved in professional, national and international initiatives that seek to enhance governance, corporate citizenship and disclosure practices.

Governance of Ninety One's stewardship process

The Ninety One Sustainability Committee (SC) is the custodian of Ninety One's approach to sustainability and stewardship. The SC comprises Ninety One's Chief Executive Officer, Chief Investment Officers, Chief Commercial Officer (Private Markets), Chief Sustainability Officer, Managing Director (Americas), Head of Investment Risk and is attended by senior representatives of our investment teams. A technical subcommittee, also including the Global Head of Product Development, is responsible for approving technical matters relating to investment processes and products.

The SC is responsible for:

1. The review of Ninety One's approach to stewardship.
2. The review and updating of Ninety One's proxy voting guidelines.
3. Acting as the ultimate authority for any direct engagement undertaken by Ninety One on behalf of its clients.
4. Being the final arbiter of any disputes or differences of opinion with respect to possible votes or engagements.
5. Addressing conflicts of interest identified.
6. Any other activities related to the overall philosophy, approach and execution of the stewardship of clients' assets.

Ninety One has dedicated Sustainability and Proxy Voting teams that coordinate engagements, as well as stewardship and voting activities that are steered by the Sustainability Committee. The Sustainability and Proxy Voting teams work with Ninety One's portfolio managers on engagement, proxy voting, integration strategies, ESG research and reporting.

Conflicts of interest

Ninety One acts as a fiduciary to its clients. As such, it will always seek to manage any possible conflicts that may occur through its normal business activities so that there is no material risk of damage to clients.

Ninety One has firm-wide Conflicts of Interest and Code of Ethics policies, as well as a separate Conflicts of Interest Committee that manages the broader remit of potential conflicts across the business. Proxy voting-related conflict-of-interest considerations are addressed in this document, which also addresses listed director nominations, the engagement process and fundamental transactions. Specifically, the key areas where conflicts of interest could arise include:

- **Proxy voting:** Ninety One has established processes to manage potential conflict-of-interest issues through the voting process. These conflicts can vary in nature and Ninety One will respond to each case individually, following a strict process. An example would be instances of Ninety One board members or senior employees serving on the boards of other publicly listed companies. To manage this, the compliance team has put in place internal controls, including a Ninety One policy, in respect of outside business activities. Where a conflict is detected, the issue is dealt with appropriately and escalated to the Ninety One Sustainability Committee, where necessary. We would also cast a 'do not vote' decision on holdings in listed Ninety One-managed funds and Ninety One PLC/Ltd.
- **Fundamental transactions:** From time to time, Ninety One on behalf of its clients may become involved on both sides of a fundamental transaction. In such cases, Ninety One will seek to ensure that all appropriate factors are considered prior to any transaction or recommendation taking place. If necessary, it will engage directly with its clients to determine an appropriate course of action. Ninety One would ultimately aim to act in the best interests of clients, in line with their mandate, which may result in a divergence of actions.
- **Nominating directors:** Ninety One will endeavour, where appropriate, to nominate candidates that it objectively considers to be independent of Ninety One. Should Ninety One deem it necessary to nominate a candidate that is in any way affiliated to itself, it will ensure that the candidate is not presented with any conflicts of interest that may impact their ability to fulfil their responsibilities as a director, or as an employee of Ninety One.
- **Engagement:** In theory, there is a risk that Ninety One could favour some companies in the engagement process where Ninety One has a prior relationship and so would be failing in its duty to treat all its clients equally. To mitigate against such a risk, Ninety One has established a governance structure to ensure that these situations are appropriately identified and managed, including all strategic engagements being monitored by the Sustainability team.

Supporting and implementing stewardship codes

As a firm, Ninety One will seek to play a meaningful role in helping to develop and improve the framework for investment and ownership within the various jurisdictions in which it invests. Where appropriate, it will seek to influence the development of policy, regulation and laws, aiming to facilitate the deployment of efficient capital markets and the development of favourable environments for shareholder rights and interests.

A number of codes and standards are relevant to our approach. The Principles for Responsible Investment (PRI) were launched in 2006, the UK Stewardship Code in 2010 and the Code for Responsible Investing in South Africa (CRISA) in 2011. Ninety One played an important role in the development of the CRISA and contributed to the development of the updated CRISA II code.

Ninety One is a signatory to the Principles for Responsible Investment, the UK Stewardship Code and is a supporter of a number of other global codes including the Singapore Stewardship Principles, the Hong Kong Principles of Responsible Ownership, the Japanese Stewardship Code, the Korea Stewardship Code and the ISG US Stewardship Principles. There are no signatories to CRISA. However, Ninety One endorses the South African Code.

These stewardship codes are consistent with the PRI framework, which expects institutional investors to:

- Incorporate ESG issues into investment analysis and decision-making processes.
- Be active owners and incorporate ESG issues into ownership policies and practices.
- Seek appropriate disclosure on ESG issues by the entities in which we invest.
- Promote acceptance and implementation of the Principles within the investment industry.
- Work together to enhance the effectiveness in implementing the Principles.
- Report on activities and progress towards implementing the Principles.

Proxy voting guidelines

Ninety One has organised its assessment of corporate governance-related matters under five broad areas which guide its voting decisions:

1. Leadership and strategic control
2. Alignment with the long term
3. Sustainability risks including climate change
4. Protecting client capital
5. Audit and disclosure

1 Leadership and strategic control

The board and its directors

The board determines the strategic direction of the company, taking into account the interests of the company and all its stakeholders. The board bears ultimate responsibility for the long-term sustainable success of the company.

Although board structures vary across countries, Ninety One expects boards to:

- Be sufficiently independent, so as to protect all shareholders' interests.
- Have adequate executive representation, so as to provide significant operational insight.
- Provide strong and diverse oversight, underpinned by a variety of skills and experiences that replicate the business's key features and geographies.
- Maintain an optimal board size, with appropriate board refreshment, succession plans and correct attendance to find the right balance between fresh perspectives and company history.

Ninety One believes directors should stand for re-election regularly, and that there should be clear and detailed disclosures of a director's background. These should be made available to shareholders to facilitate the assessment of their suitability.

Ninety One expects a board to include a sufficient number of independent directors. Some issues to consider with regards to independence include:

- Founder status
- Family relations with senior executives or founders
- Excessive tenure
- Having served as an executive in the previous five years
- Having business relationships with the company or its executives
- A shareholding in the company of over 10% of the issued share capital

Whilst these may be obstacles to independence, we would consider these issues in the broader context of maintaining appropriate expertise on the Board, and the stability of the company. It is crucial to regularly evaluate the role and impact of directors on the company's performance and governance.

Interlocking directorships

The chair leads the board and is responsible for its overall effectiveness in directing the company. Should the company be large and complex in nature, or the chairperson not be independent, Ninety One would expect a suitably experienced and senior board member to be appointed as the Lead/Senior Independent Director (LID/SID). The LID should be able to engage independently with owners on governance-related issues. The LID should also assume key governance responsibilities, including the supervision of the annual evaluation of the chairperson. The LID should also handle specific issues relating to conflicts of interest of board members, should the chairperson not be independent. Ninety One considers a combined chairperson and CEO role to be a governance risk.

The voting guidelines arising from the above are as follows:

- Unless there is a particular context and explanation, Ninety One may not support the (re)election of the chairperson where:
 - They are considered to be not independent.
 - They are the former CEO.
 - There has been a clear failure to conduct periodic reviews of the performance of the board.
 - They have repeatedly refused to adhere to reasonable disclosure requests.
 - There has been a disregard for the interests of stakeholders, including in relation to the environmental and social risks and impacts of the company.
 - There is a lack of succession planning and there is no engagement on the topic.
 - Shareholder rights and the ability to communicate with the board have been impaired.
 - There are persistent and unaddressed governance failures that pose a material risk, unless the board has provided a strong rationale.
- Ninety One may vote against a combined chair and CEO board structure, although it will consider all circumstances, including duration of the appointment, the potential concentration of power and explicit disclosures on how conflicts of interest have been managed.
- Ninety One may not support non-independent directors where the overall board balance is not majority independent or does not at least meet the local market requirements.
- Ninety One generally accepts proportional representation of shareholdings on the board, so long as minority shareholders' interests are respected.
- Ninety One will, in the first instance, focus on non-independent non-executive directors who also serve as key committee members when the overall board is not majority independent.
- Where executive directors sit as committee members, Ninety One may vote against the executive directors.

- Ninety One may vote against directors, including the chairperson, if, from a sustainability point of view, there are unmitigated risks, poor disclosure, incidents and failure to appropriately manage and anticipate environmental and social risks which have resulted, or may result, in the destruction of shareholder value.
- Ninety One may vote against the re-election of any director who has not attended 75% of the total number of board and relevant committee meetings in the period since they were last elected to the board, unless an appropriate explanation has been provided.
- Ninety One may vote against directors who, due to having accumulated multiple board roles at other publicly listed companies or large unlisted companies, run the risk of not being able to properly discharge their fiduciary duties. Ninety One will look at the number of external roles, the roles themselves, and the market capitalisation of the companies concerned.
- Ninety One prefers boards that are adequately sized and may vote against certain directors if it considers the board to be too large and unwieldy.
- Ninety One expects timely disclosure of names and biographical details of all nominees, and may vote against candidates where such information is not disclosed.
- As a general principle, Ninety One does not support bundled directors' elections, although it will be guided by regional best practice.
- Ninety One does not support proposals that remove directors from being re-elected by either a clean slate (100% of the board) or by rotation (usually 33% per year).
- Ninety One does not generally support the election of alternate directors.

Board committees

Ninety One expects the audit, remuneration and nomination committees to comprise **non-executive directors only and be chaired by an independent non-executive director. Ninety One may vote against non-independent directors when the structures below are not in place**, or when the discharge of duties by each of the committees does not meet the principles it expects companies to uphold.

Audit committee

The audit committee has a crucial role in safeguarding investors' interests, as it is responsible for the integrity of the financial statements, risk management and auditor appointment. Given this key role, **Ninety One expects audit committees to comprise independent non-executive directors only**. They should comprise a minimum of three members with at least one with recent and relevant financial expertise.

Remuneration committee

The remuneration committee is responsible for designing and implementing the remuneration scheme for the company's executive directors and senior management, including consideration of remuneration related to the management of the environment and social risks and impacts. In this capacity, it should have knowledge of pay structures across the organisation, including that of the CEO, as well as being aware of the gender-pay-gap ratio and other relevant diversity factors. Ninety One expects remuneration committees to be **fully independent** where called for by market practice, and prefers at least some remuneration committee members to be, or have been, remuneration committee members at other publicly listed companies or to have had similar experience.

Nomination committee

The nomination committee is responsible for ensuring that the board comprises directors with a good range of relevant skills and knowledge and that they collectively represent diversity. It is tasked with designing and implementing robust board-evaluation and succession-planning policies. Ninety One expects nomination committees to be majority independent.

- Ninety One may vote against the chair of the nomination committee if, after engagement, there is a failure to ensure appropriate diversity on the board, including ethnicity and gender for example.
- Ninety One may vote against the nomination committee chairperson or the board chairperson in cases where it believes that the necessary skills/ diversity are lacking on the board, including in relation to climate change and transition.
- Ninety One may vote against the nomination committee chairperson or board chairperson in cases where there is no indication that proper and ongoing board assessments and succession planning are taking place.

2 Alignment with the long term: remuneration and sustainability

Ninety One recognises the importance of long-term alignment and looks at it from two main perspectives: (i) alignment of remuneration with the creation of long-term sustainable value; and (ii) the governance system's ability to understand, monitor and mitigate any social, ethical and environmental risks, including managing stakeholder relations.

Ninety One believes that long-term environmental and societal sustainability considerations should be part of a board's long-term oversight and should be reported to stakeholders in an annual report using leading global reporting standards as defined in regulation or by industry standards such as ISSB (International Sustainability Standards Board), CDP, SASB (Sustainability Accounting Standards Board) or the GRI (Global Reporting Initiative). The direct implications of a business's operations on the supply chain and the impact of its products and services on both society and the environment should be carefully considered. In Ninety One's engagement with boards and in its governance assessments, it may assess the board's performance in this respect and vote against directors when it believes long-term sustainability considerations are not being adequately addressed.

Where appropriate, Ninety One will also work with policymakers and advocacy groups on these matters.

Ninety One expects remuneration schemes to be aligned with shareholders' interests, and promote the long-term success of the company. It also expects the remuneration committee to be able to justify pay structures and levels in relation to three main criteria: market practice, sector practice and the company's performance.

The hard-governance remuneration principle that Ninety One considers across all geographies is the existence of a strong and identifiable link between pay and performance. It therefore expects executive directors' actual pay-outs to mirror shareholders' experience, and the company's disclosure to be substantial and substantive enough for such an assessment to take place.

The voting guidelines arising from the above include the following:

- Ninety One may vote against remuneration resolutions where there is insufficient disclosure to assess the schemes, and/or where existing disclosure does not follow the regulatory guidelines of the relevant jurisdiction.
- Ninety One places special emphasis on clear and meaningful performance metrics and targets, which should be linked to the company's strategy and include stretching vesting levels. The lowering of targets may only be accepted in exceptional circumstances.
- Ninety One prefers schemes with several performance metrics that should be relative and under the effective control of the executive directors.
- Ninety One expects a minimum performance period of three years and favours schemes with a subsequent vesting period.

- Ninety One expect malus and clawback provisions to be in place.
- Ninety One may vote against remuneration resolutions if the remuneration approach fails to ensure appropriate remuneration related to the management of environmental and social risks and impacts.
- Ninety One may vote against remuneration resolutions if it is concerned about pay outcomes and not all the members of the remuneration committee are independent.
- Ninety One may vote against remuneration resolutions where there is not a healthy balance between fixed and variable pay and, within the latter, a relevant split between short- and long-term compensation.
- Ninety One will consider not only maximum pay-outs allowed under the policy, but also year-on-year granted amounts, and will consider this in the context of the company's size, sector, maturity and previous payment history. Remuneration committees should have the ability to exercise discretion within the boundaries of applicable employment laws and regulations. However, discretion should be exercised with caution and its use publicly justified.
- Ninety One may vote against untoward salary increases and excessive pension arrangements without appropriate justification. Ninety One will generally vote against remuneration proposals which are not aligned with the broader workforce, including salary increases and variable pay within pension entitlement, and may vote against increases that are triggered entirely by benchmarking exercises.
- Ninety One will generally vote against plans that can be materially amended without shareholder approval.
- Ninety One does not support retrospective/inflight amendments to incentive schemes, nor the repricing of options, except in exceptional circumstances when not doing so may result in the interests of management and shareholders not being aligned.
- Ninety One does not typically support transaction bonuses.
- Ninety One expects dilution levels to be kept to a minimum.
- On recruitment, Ninety One expects companies to pay no more than is strictly necessary. If buy-out awards are agreed, it expects like-for-like structures together with an explanation of the link between pay and performance in the old and new schemes. Ninety One may vote against such schemes if these conditions are not met.
- Ninety One may vote against severance payments that are not aligned with the company's remuneration policy and those exceeding contractual requirements. Severance payments should be subject to the same performance tests and pro-rated for time served. Ninety One will generally vote against accelerated vesting provisions and severance payments lacking disclosure of their terms.
- Ninety One may vote against any option schemes where there is automatic vesting on a change in control of the company.

3 Sustainability risks including climate change

Ninety One supports the development and use of reporting standards and frameworks that aim to increase the transparency and comparability of sustainability-related disclosures, such as the Task Force on Climate-related Financial Disclosures (TCFD), the Taskforce on Nature-related Financial Disclosures and International Sustainability Standards Board (ISSB) standards.

Ninety One expects boards to be able to demonstrate ‘climate competency’ in their communications with investors and therefore supports the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). Where climate change is identified as a material issue for the business, companies are expected to have sufficient expertise and experience on the board to ensure effective strategic and operational oversight. Ninety One may vote against the report and accounts of companies faced with material climate risk where little or no progress has been made in terms of providing the market with investment-relevant climate disclosures. Furthermore, where Ninety One deems insufficient action is being taken on the issue of climate change, it might cast a vote against the chair of the board and/or other key directors.

Ninety One typically supports shareholder proposals seeking to improve disclosures and transparency by companies facing material sustainability risks, including carbon risks. In line with its approach to any shareholder resolution, it will consider any sustainability-related resolution in the context of the individual business and the existing activities to the implied risk. When reviewing a resolution, Ninety One also considers the progress made to date and commitments already disclosed by the company. It seeks to support resolutions which are appropriate, relevant and practical for the company in question and its regional context.

4 Protecting client capital – capital management and shareholder rights

A board's authority to raise capital through the issuing of shares, and its ability to decide on how it allocates the income attributable to shareholders (dividend payments or share repurchases), represent an important vote on a set of different resolutions. In many cases, these resolutions are presented as renewable authorities.

While providing the board with flexibility, general authorities can result in a significant erosion of shareholder value. Therefore, Ninety One will apply constraining votes on general authorities, preferring that specific and well-motivated authorities are sought from time to time as needs arise. This is core to Ninety One's duty to protect its clients' capital. If there is any indication that these authorities have been used in a reckless and irresponsible manner, this will be reflected in the voting decisions relating to the leadership of the company.

Corporate actions arise from time to time which require shareholder approval. Ninety One will consider such situations on a case-by-case basis, through carefully assessing how the interests of its clients can be best served. Ninety One will actively oppose efforts on the part of management or significant shareholders to reduce the broader shareholder rights (anti-takeover measures, 'poison pills' and alterations to company constitutions). The presentation of such resolutions to shareholders is often an indication of a governance deficiency and should be accompanied by votes relating to the leadership of the company.

On authority to issue shares, Ninety One may:

- Vote against the general authority to issue shares with an attached right of pre-emption of more than 33% of the issued share capital of the company.
- Vote against the general authority to issue shares without attached right of pre-emption of more than 10% of the issued share capital of the company. In the UK, Ninety One accepts a 20% issuance authority if it follows the Pre-Emption Rights Group principles.
- Vote against any general authority to issue shares for cash above 5%.
- Vote against any issue of shares for cash where the discount limit is more than 5%.
- Vote against all general authorities where management has a record of destroying company value as assessed by Ninety One's own investment process.
- Vote against the issue of shares to option schemes that it has actively opposed, or where it has opposed the adoption of the remuneration report.

In a case where the company has been irresponsible with respect to the issuing of shares, Ninety One may not support the re-election of the chairperson and any incumbent directors and will not support any resolutions to issue shares.

Ninety One will not support any general authorities to issue shares where the share price is substantially below its intrinsic value.

Ninety One will not support any general or specific authorities to issue shares if they are deemed to have the intention of intervening in the market for corporate control or establishing a control group in the company.

Ninety One will actively oppose any issue of shares where the underwriter is a holding company which could be perceived to be increasing its holding in the company through taking up unsubscribed shares.

On the repurchase of shares, Ninety One will consider supporting the request when:

- There is sufficient liquidity in the market.
- The company has substantial cash resources and the repurchase scheme is a viable and tax-efficient method of returning cash to shareholders.
- The company has a track record of cancelling treasury shares rather than re-issuing them to share option schemes (unless this intention has been declared in advance).
- There is no conflict of interest with the company's management incentive policy.
- The share price at the time of the general authority is substantially below its intrinsic value as assessed by Ninety One's own investment process.
- There is a robust argument as to how the share repurchase scheme will add more value to shareholders than a cash dividend, repaying debt or making appropriate investments to enhance efficiency or expand operations.
- The company has sufficient balance-sheet strength and cash resources not to place it under any form of financial strain.

If Ninety One has either supported or rejected a share repurchase scheme and the resolution has been carried, but management has used this authority in an improper manner, Ninety One may vote against the re-election of the chairperson of the company and incumbent directors.

On dividends and capital distributions, Ninety One will generally vote against the payment of a dividend if it will clearly place the company under financial stress.

If Ninety One determines that the company is withholding income from shareholders and not using surplus reserves to any productive pursuit, such as reducing debt, it will consider:

- Making a symbolic vote against the adoption of the financial statements.
- Voting against the re-election of incumbent directors.

Where a capital distribution is clearly being used to obfuscate another proposal by the company that diminishes shareholder rights, establishes an anti-takeover mechanism or results in any form of reduction in management accountability, Ninety One will vote against the linked resolution.

On changes in shareholder rights via amendments to company constitutions, Ninety One will generally oppose any:

- 'Poison pill' proposals in any form.
- Any resolutions that propose new share classes that have proportionately higher voting rights than existing share classes.
- Any resolutions that absolve directors from either their fiduciary responsibilities to owners or their re-election through an ordinary resolution.

5 Audit and disclosure

Audits are among the most important protections for shareholders' capital as well as for the company. Consequently, Ninety One attaches much importance to both the quality and the independence of the audit process. The financial statements audit offers credibility and comfort to all stakeholders. The board is responsible for presenting a fair, balanced and understandable view of the financial position of the company. Therefore, it relies on both a robust internal and external audit process as well as employing an appropriate level of oversight.

When voting on resolutions relating to the appointment of auditors, Ninety One considers the suitability of the auditor on a case-by-case basis, considering the context of the business, the market and its respective laws. Ninety One recognises the importance of a healthy, competitive audit market, but does not expressly take a view on whether companies should use small or large audit firms. Ninety One will also consider the total fee for the audit, which should also not make up a significant portion of the audit firm's total turnover.

Non-audit work is sometimes necessary but should be kept to a minimum and require prior audit committee approval. The detail around the fees related to both audit and non-audit work should be disclosed to shareholders.

Ninety One may vote against the re-election of the auditor if:

- There are repeated and material misstatements in the annual financial statements.
- A disproportionate (+40%) amount of the auditor's total fee over the previous three years is derived from non-audit services. In markets where it is not required or best practice to disclose non-audit fees, Ninety One aims to engage with companies to encourage such disclosure.
- The auditor is engaged with conducting the internal audit.
- The auditor has been in place for more than 10 years and there has not been a recent tender process and there are no plans to put the audit out to tender. This may also result in the withdrawal of support for the audit committee chairperson.

Accurate, timely and full disclosure is essential to Ninety One's investment and capital-allocation process. Appropriate disclosures allow us to evaluate continuously a company's position, engage with management and better understand it. In alignment with international standards, disclosure should be honest, unbiased, balanced, material, clear, complete, relevant, inclusive, consistent, comparable and timely.

Ninety One may vote against the approval of the financial statements resolution when:

- There is a clear deficiency in information.
- There has been an attempt to hide or obfuscate materials.
- There are serious omissions, or there has been an audit qualification.

Ninety One may vote against specific transactions where there appears to be a material deficiency with respect to the information provided to shareholders.

Shareholder resolutions

The right of shareholders to file resolutions at meetings is important. Ninety One has seen a rise in these in recent years and believes that many have resulted in positive developments. Given that the resolutions which appear on agendas vary greatly – by both type and quality – Ninety One is unable to generalise as to how it would vote. As a rule, however, it will follow internal guidelines and assess each case individually, asking the following key questions:

- Does the issue raised in the resolution align with Ninety One’s philosophy and principles around sustainability and ESG?
- Would the passing of the resolution improve shareholder rights?
- Would it benefit its clients if the resolution was passed?
- Does the resolution pertain to an environmental, social or governance issue that is a material area for the business?
- Does the company already address the issue and, if so, is Ninety One comfortable that the current company standards or progress are enough?
- Is the proposal practical and proportionate to the issue and to the company in question?

Ninety One believes that a company’s long-term response to material ESG issues can significantly affect long-term shareholder value, and therefore seeks and encourages appropriate reporting and disclosure of these issues. As with any shareholder resolution, Ninety One prefers to support those resolutions where it has engaged unsuccessfully on the same issue with the company, but it does not limit its support to this.

Typically, if the internal guidance above is satisfied, Ninety One would support proposals that seek to improve disclosure and reporting related, but not limited, to:

- Meaningful and material diversity disclosure.
- Political contributions and lobbying activities.
- Environmental reporting including climate change.
- Implementation of policies on material ESG issues.

Furthermore, there are certain shareholders' rights that Ninety One will support in principle. Ninety One will always review these on a case-by-case basis, but unless there are mitigating circumstances, it will seek to support the following proposals related to governance matters:

- Adopt proxy access.
- Separate CEO/Chair roles.
- Provide the right for shareholders to call special meeting.
- Provide the right to act by written consent.
- Submit shareholder rights plan ('poison pill') to a shareholder vote.
- Reduce supermajority vote requirement.
- Remove antitakeover provisions.
- Expects a majority vote for the election of directors, and remove plurality voting arrangements.

Ninety One reserves the filing of shareholder proposals to use as a method of last resort as it defers to active engagement with the intention to reform, given its proxy access and the relationships it cultivates with the boards of its investee companies.

Ninety One has dedicated Sustainability and Proxy Voting teams to manage its engagement, stewardship and voting activities, which are steered by the Sustainability Committee. The Sustainability and Proxy Voting teams work with portfolio managers on engagement, proxy voting, integration strategies, ESG research and reporting.

For more information contact:

Daisy Streatfeild

Sustainability Director

Telephone +44 20 3938 3204

daisy.streatfeild@ninetyone.com

Important information

The information discusses general market activity or industry trends and should not be construed as investment advice. The economic and market forecasts presented herein reflect our judgment as at the date shown and are subject to change without notice. These forecasts will be affected by changes in interest rates, general market conditions and other political, social and economic developments. There can be no assurance that these forecasts will be achieved.

Past performance is not a guide to the future. Investors are not certain to make profits; losses may be made. The information contained in this document is provided in good faith and has been obtained from sources believed to be reliable. No warranty is provided as to its accuracy or completeness. Any opinions stated are honestly held but are not guaranteed and should not be relied upon. This communication is provided for general information only. It is not an invitation to make an investment nor does it constitute an offer for sale and is not a buy, sell or hold recommendation for any particular investment.

This document is the copyright of Ninety One and its contents may not be re-used without Ninety One's prior permission.

Issued by Ninety One, January 2025.

Australia

Level 28 Suite 3, Chifley Tower
2 Chifley Square
Sydney, NSW 2000
Telephone: +61 2 9160 8400
australia@ninetyone.com

Botswana

Plot 64289, First floor
Tlokweg Road, Fairgrounds
Gaborone
PO Box 49
Botswana
Telephone: +267 318 0112
botswanaclientservice@ninetyone.com

Channel Islands

PO Box 250, St Peter Port
Guernsey, GY1 3QH
Telephone: +44 (0)1481 710 404
enquiries@ninetyone.com

Germany

Bockenheimer Landstraße 23
60325 Frankfurt am Main
Telephone: +49 (0)69 7158 5900
deutschland@ninetyone.com

Hong Kong

Suites 1201-1206, 12/F
One Pacific Place
88 Queensway, Admiralty
Telephone: +852 2861 6888
hongkong@ninetyone.com

Luxembourg

2-4, Avenue Marie-Thérèse
L-2132 Luxembourg
Telephone: +352 28 12 77 20
enquiries@ninetyone.com

Namibia

Am Weinberg Estate
Winterhoek Building
1st Floor, West Office
13 Jan Jonker Avenue
Windhoek
Telephone: +264 (61) 389 500
namibia@ninetyone.com

Netherlands

Johan de Wittlaan 7
2517 JR Den Haag
Netherlands
Telephone: +31 70 701 3652
enquiries@ninetyone.com

Singapore

138 Market Street
CapitaGreen #27-02
Singapore 048946
Telephone: +65 6653 5550
singapore@ninetyone.com

—

www.ninetyone.com

Telephone calls may be recorded for training, monitoring and regulatory purposes and to confirm investors' instructions.

For more details please visit www.ninetyone.com/contactus

South Africa

36 Hans Strijdom Avenue
Foreshore, Cape Town 8001
Telephone: +27 (0)21 901 1000
enquiries@ninetyone.com

Sweden

Västra Trädgårdsgatan 15,
111 53 Stockholm
Telephone: +46 8 502 438 20
enquiries@ninetyone.com

Switzerland

Dufourstrasse 49
8008 Zurich
Telephone: +41 44 262 00 44
enquiries@ninetyone.com

United Kingdom

55 Gresham Street
London, EC2V 7EL
Telephone: +44 (0)20 3938 1900
enquiries@ninetyone.com

United States

Park Avenue Tower, 65 East 55th Street
New York, 10022
US Toll Free: +1 800 434 5623
usa@ninetyone.com

