

Brooks Macdonald
Voting Policy

March 2026

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Voting Policy

The purpose of this policy statement is to outline the general guidelines we use to inform our approach to voting as an active owner and responsible steward of our client's capital. This policy applies to all buy list assets, irrespective of product or service, for discretionary client holdings.

As a discretionary investment manager, clients entrust us with making investment decisions on their behalf, including exercising voting rights. Where we invest in externally managed third-party funds, the responsibility for voting on the underlying holdings lies with the third-party fund manager.

Voting process

We subscribe to the ISS Sustainability Policy and receive research and voting recommendations for all upcoming AGM/EGM items. The ISS Sustainability Policy aims to promote support for recognised global governing bodies promoting sustainable business practices advocating for stewardship of environment, fair labour practices, non-discrimination, and the protection of human rights.

The full policy can be found here, under Speciality Policies: [ISS Sustainability Policy](#).

We believe the ISS Sustainability Policy most closely aligns with our expectations for company management and operations, however we reserve the right to vote differently to the policy when our assessment deviates from that of ISS. This may occur following an independent review by the RI team and/or relevant Sector team, which leads to the recommendation of a vote different to that of the ISS Sustainability recommendation. Where this is the case, the voting item and rationale is submitted to the Asset Selection Committee for further review and approval.

Reviewing and analysing voting items can be resource intensive, and our capacity to engage with companies is sometimes constrained by the size of our shareholdings. As a result, we prioritise our review on the following companies:

- Companies held in the AIM Portfolio Service
- Any company where we hold more than 1% of the issued share capital
- UK Main-Listed Stocks

By prioritising holdings for review in this way, we ensure our voting rights are exercised in alignment with our key areas of expertise and level of exposure.

Voting principles

- **Long-term** – we believe that voting is essential for enhancing long-term value for our shareholders, stakeholders, and society. We aim to support company management when their actions align with protecting long-term shareholder value. We strive to be supportive of management and recommend votes in favour of proposals, unless there is a compelling reason to oppose them.
- **Consistency** – we aim to vote consistently on issues, in line with our guidelines which span Environmental, Social and Governance (ESG) issues. However, we reserve the right to use our discretion when voting, considering market and company-specific circumstances in order to serve our client's best interests.
- **Transparency** - a record of how we have voted is publicly available to view on our website and provided on a quarterly basis. These can be found here.
- **Engagement** - where we consider there to be insufficient information available to inform our judgement on voting items, we may engage with companies to better understand their company structure and any material business risks that could influence how we vote. In practice, our engagement is often most effective with AIM-listed companies, where our shareholdings tend to be larger and management teams are generally more accessible.

Voting guidelines

While not exhaustive, the following guidelines shape our voting decisions on key issues while leaving room for flexibility to reflect contextual factors related to markets and companies (this can include regional differences in governance principles or expectations). In determining voting recommendations, the ISS Sustainability Policy takes as its frame of reference internationally recognized sustainability-related initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Investment (PRI, formerly UNPRI), United Nations Global Compact, Global Reporting Initiative (GRI), Carbon Principles, International Labour Organization Conventions (ILO), Ceres Roadmap 2030, Global Sullivan Principles, MacBride Principles, and environmental and social European Union Directives. These initiatives seek to promote a fair, unified and productive reporting and compliance environment in order to mitigate related financial and reputational risks.

Board of Directors

Board structure and independence

The board of directors is crucial for holding management to account and protecting shareholder interests. In line with the ISS Sustainability policy, we will typically vote for management nominees in the election of directors, unless:

- Adequate disclosure has not been provided in a timely manner.
- There are clear concerns over questionable finances or restatements,
- There have been questionable transactions with conflicts of interest.
- There are any records of abuses against minority shareholder interests.
- The board fails to meet minimum corporate governance standards, including board independence standards. The independence of a director can be affected by factors such as the length of a director's tenure, any significant shareholdings or any material relationships with the company.
- There are specific concerns about the individual, such as criminal wrongdoing, breach of fiduciary responsibilities or where they have repeatedly missed board and key committee meetings without providing an explanation.

In line with the ISS Sustainability Policy, we are also generally supportive of shareholder proposals that would require the board chair to be independent of management or ask that board audit, compensation, and/or nominating committees be composed exclusively of independent directors unless they currently meet that standard.

Board member diversity

A diverse group of directors, that fosters diversity of thought, skills and attributes, is part of the effective oversight of company management. Guided by the FTSE Women Leaders Review and the Parker Review, we consider that boards should actively promote cognitive diversity by ensuring a balance of experience, gender diversity, and ethnic diversity.

In line with the ISS Sustainability policy, we will generally vote against or withhold from the chair of the nominating committee if the companies do not meet regional board guidelines (please find specific regional guidelines in the full ISS Policy). Consideration will also be given to the size and maturity of the company in order to avoid punitive or unduly burdensome expectations for smaller and less mature companies – we are more likely than the ISS Sustainability Policy to support smaller companies that recognise the importance of DEI and are taking steps to address it, even if local codes remain unmet.

In line with the ISS Sustainability policy, we will also generally vote for shareholder proposals that ask the company to take reasonable steps to increase the levels of underrepresented gender identities and racial minorities on the board.

Material ESG Failures

In line with the ISS Sustainability policy, we may vote against or withhold from directors individually, on a committee, or potentially the entire board due to the following reasons:

- Material failures of governance, stewardship, risk oversight or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks.
- A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate ESG risks.
- Failure to replace management as appropriate.
- Egregious actions related to the director(s)' service on the boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

Director Overboarding

In line with the ISS Sustainability Policy guidelines, we will generally vote against or withhold from individual directors who hold excessive external commitments that could impact their ability to effectively perform their role (please find specific regional guidelines in the full ISS Sustainability Policy). Excessive commitments include:

- Any director who holds more than five mandates at listed companies.
- Any director who holds the position of executive director (or a comparable role) at one company and a non-executive chairman at a different company.

Executive and Director Compensation

Appropriate and aligned executive compensation is crucial for attracting, maintaining and incentivising company management to deliver long-term company performance and shareholder value. In line with the ISS Sustainability policy, we consider it best practice for companies to adhere to the following principles when delivering compensation programs:

- Provide shareholders with clear, comprehensive compensation disclosures.
- Maintain appropriate pay structure with emphasis on long-term shareholder value.
- Avoid arrangements that risk “pay for failure.”
- Maintain an independent and effective compensation committee.
- Avoid inappropriate pay to non-executive directors.

We may vote to support compensation proposals where we believe flexibility is warranted to ensure the continued effectiveness of the executive team. For example, this could be through transitional phases or where unique circumstances may require a more nuanced assessment of shareholder alignment.

Climate accountability

In line with the ISS Sustainability policy, for companies that are on the Climate Action 100+ Focus Group list we will generally vote against or withhold from the incumbent chair of the responsible committee (or other directors on a case by case basis), where ISS Social Advisory Services determines that the company is not taking the minimum steps to be aligned with a Net Zero by 2050 trajectory.

Minimum steps include:

- Detailed disclosure of climate-related risks.
- A declared target of Net Zero by 2050 or sooner that includes scope 1, 2, and relevant scope 3 emissions.
- A set medium-term target for reducing GHG emissions that includes scope 1, 2, and relevant scope 3 emissions.

Whether the company has a decarbonisation strategy.

Environmental and Social Proposals

In line with the ISS Sustainability Policy, we will generally support standards-based environmental and social shareholder proposals that enhance long-term shareholder and stakeholder value while aligning the interests of the company with those of society at large. Particular focus will be given to resolutions seeking greater transparency and/or adherence to internationally recognised standards and principles. We may vote differently to ISS Sustainability Policy recommendations, where we feel proposals are not additive to existing company disclosure or are overly prescriptive.

Below we outline some of the guidelines we follow regarding Climate Change and Human rights:

Climate change

In line with the ISS Sustainability policy, we will generally support shareholder proposals:

- Seeking information on the financial, physical, or regulatory risks it faces related to climate change- on its operations and investments, or on how the company identifies, measures, and manage such risks.
- Calling for the reduction of GHG emissions.
- Seeking reports on responses to regulatory and public pressures surrounding climate change, and for disclosure of research that aided in setting company policies around climate change.
- Requesting a report/disclosure of goals on GHG emissions from company operations and/or products.
- That request the company to disclose a report on reducing methane emissions and to assess the reliability of the company's methane emission disclosures.

Say on Climate (SoC) Management Proposals

When asked to approve a company's climate transition action plan, the following information is considered by ISS Sustainability:

- The extent to which the company's climate related disclosures are in line with TCFD recommendations and meet other market standards.
- Disclosure of its operational and supply chain GHG emissions (Scopes 1, 2, and 3).
- The completeness, feasibility and rigor of company's short-, medium-, and long-term targets for reducing operational and supply chain GHG emissions in line with Paris Agreement goals (Scopes 1, 2, and 3 if relevant).
- Whether the company has sought and received third-party approval that its targets are science-based.
- Whether the company has made a commitment to be "net zero" for operational and supply chain emissions (Scopes 1, 2, and 3) by 2050.
- Whether the company discloses a commitment to report on the implementation of its plan in subsequent years.
- Whether the company's climate data has received third-party assurance.
- Disclosure of how the company's lobbying activities and its capital expenditures align with company strategy.
- Whether there are specific industry decarbonization challenges and the company's related commitment, disclosure, and performance compared to its industry peers.

Human rights

In line with the ISS Sustainability policy, we will generally support shareholder proposals that call for the adoption and/or enforcement of principles or codes relating to countries in which there are systematic violations of human rights; such as the use of slave, child, or prison labour; a government that is illegitimate; or there is a call by human rights advocates, pro-democracy organizations, or legitimately elected representatives for economic sanctions. Some examples of proposals we will typically support include those:

- Requesting a report on company or company supplier labour and/or human rights standards and policies.
- To implement human rights standards and workplace codes of conduct.
- Requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process.

Important information

Investors could get back less than they invested. Past performance is not a reliable indicator of future results. Changes in exchange rates may have an adverse effect on the value of an investment. Changes in interest rates may also impact the value of fixed income investments. The value of your investment may be impacted if the issuers of underlying fixed income holdings default, or market perceptions of their credit risk change. There are additional risks associated with investments in emerging or developing markets.

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