

Stewardship refers to how we manage and protect our clients' assets by monitoring and discussing material issues with investee companies. This includes engaging with company management on strategy, performance, governance, capital structure and risk management. We apply our approach on stewardship to all companies that we invest in on behalf of our clients.

This policy outlines both how we discharge our stewardship duties and our approach to engagement and voting. It is designed to also meet the requirements of the provisions of the European Shareholder Rights Directive (SRDII).

Martin Currie – overall approach to stewardship

Martin Currie operates an investor led model when it comes to Stewardship. This investor-led focus on active stewardship is what sets us apart from others. We use fundamental insights from our stewardship process to enhance our understanding of what drives corporate value for the long-term and to help deliver strong outcomes for clients. To achieve the greatest impact, our investment teams are empowered to carry out all sustainability analysis, engagement and voting themselves. We are motivated by a belief that this both helps protect and enhance the risk-adjusted return on our clients' capital. Ultimately, we want to ensure that the interests of company managements are aligned with their shareholders (our clients), and that the former take this into account when making decisions. We place a particular emphasis on governance, strategy and capital allocation, and also focus on material sustainability (environmental and social) issues where these may impact the company concerned or where the company's impact is material.

Our stewardship activity manifests itself principally in monitoring and engagement – both privately or in collaboration with other investors – and our voting activity. With regards to the former, we aim to build strong relationships with investee companies, ensuring that our engagement is not constrained by our clients' minority-shareholder status. Nonetheless, we will continue to join collaborative engagements on material issues, particularly when deemed likely to be more efficacious than acting alone. Our voting policy is determined by our internal guidelines, with an expectation that companies will comply with (local) best practice or explain why this is not the case. Where clients assign us proxies, we will vote in line with their best interests. When voting against management on a material issue we endeavour to inform them of our rationale for doing so in advance of the vote to allow due time for a response. All resolutions are reviewed in this context, with the responsibility for initial proposals residing with the investment team with oversight by our Stewardship, Sustainability & Impact team who are independent from the process.

How Martin Currie monitors investee companies on material relevant issues

As bottom-up investors we monitor both the financial and non-financial performance at investee companies, using publicly available information, third-party research and direct communication. We hold regular meetings with management of the companies in which we invest our clients' money, to discuss strategy, sustainability and performance, and to review management processes against best practice.

Where a company chooses not to comply with their local corporate governance guidelines, we will consider the explanation provided in the context of the particular circumstances for that business.

Our in-depth research, regular contact with management of companies we invest in, and assessment of resolutions put to shareholder vote, help us identify potential issues or potential changes at investee companies. Where we identify a particular material issue this will inform our engagement activity with the investee company. In cases where we are engaging for change on a material issue, we set out clear objectives for what we are looking to achieve and then monitor progress towards this.

How Martin Currie conducts engagement with investee companies

Engagement is a key element of our stewardship approach, how we manage our clients' assets and how we deliver long-term value for them. What we engage on is informed by our analysis of the material governance and sustainability risks that each company faces, how they are managing and mitigating these and the disclosures that they make in this regard.

Our aim is to establish an open dialogue with investee companies. We aim to engage with companies in an informed, constructive and discrete manner. We have extensive interactions with the companies that we invest in and in many cases will be seeking information on, or monitoring the evolution of, their business, strategy and long-term value creation.



Where we are engaging for change on a particular issue, we set out a clear objective (what we are trying to achieve) and then work with the company to aim for that outcome. We also monitor the progress of the engagement against this objective, recognising that engagement takes time and often requires patience and persistence.

Engagement may include a combination of writing emails or letters to set out concerns, face-to-face meetings with management or other key personnel or meetings with board members. Our engagements are led by the investment teams – they have the strongest long-term relationships with the companies that we invest in – and are supported as necessary by the Stewardship, Sustainability & Impact team. Much as our analysis informs our approach to engagement, the progress and outcomes of engagement also inform our ongoing analysis and understanding of the companies concerned.

Under certain circumstances – when we deem it to be in the best interest of our clients – we will agree to being made insiders in investee companies for a limited period of time, but we expect the latter to seek our explicit approval beforehand and to exercise due caution in what information they share with us during this process. Where we do become an insider, we follow the procedures in our Market Abuse and Insider Dealing policy.

We recognise that our ‘standard’ engagement approach – seeking constructive dialogue with management – may not always yield the results aimed for. Where there is limited progress on an engagement or where it relates to an issue which may impact the investability of a company we may escalate the issue through other stewardship activities such as voting, collaboration or ultimately divestment. As long-term investors we expect the companies in which we invest to focus on delivering durable shareholder value. This means that we expect management to consider long-term risks and opportunities presented by sustainability (environmental & social) and governance factors.

In making decisions as to whether engagement will be escalated, a number of factors will be considered, for example:

- The particular circumstances giving rise to an issue.
- How this compares to perceived best practice.
- The explanations provided by the company.
- The potential impact for our clients.
- Whether there is a history of related issues.
- Where accountability sits for dealing with the issue raised

ISS, our proxy voting provider, produces our voting records on their platform. We also publish our voting record on our website and a summary of our engagement activity annually in the Stewardship Annual Report.

How Martin Currie approaches collaborative engagement initiatives

We are willing to collaborate with other investors when this is in our clients’ best interest, particularly in relation to systemic issues. Systemic risks by their nature are caused by factors beyond the control of a specific company and cannot be diversified away by holding a large number of securities. Although most of our engagement is private, where an issue is systemic and therefore likely to impact a broad range of companies and stakeholders, we believe that this requires a more collaborative approach to engagement. We participate in several collaborative efforts to address specific issues that impact at companies held in our portfolios. These are detailed on an ongoing basis in our Stewardship Annual Report. Typically, we will only join a collaborative initiative where we have an existing relationship with a company involved and where we have the capacity to bring something to the collaborative engagement – most usually by leading on a specific investee company. As well as leading engagements with targeted companies, in certain cases we will also set the terms and targets for the engagements. Our decision to pursue a collaborative effort will, among other things, be a function of the nature of the issue; the materiality of the issue; the likely efficacy against acting privately; and the motivations of the other investors. Our focus here will always be on issues that are material and thus could have an impact on long-term shareholder value.

Our collaborative engagements are overseen by the Head of Stewardship, Sustainability & Impact.



How Martin Currie communicates with relevant stakeholders of investee companies

Our engagement is also informed by the broader systemic issues that have the potential to impact many companies and different parts of the financial ecosystem. Our engagement is not just with companies but also with regulators and policy makers to support the evolution of a sustainable financial system. Our stewardship activities may include discussions with other stakeholders of investee companies, such as industry groups, customer groups or employee groups.

How Martin Currie approaches voting and disclosure of voting activity

Martin Currie endeavours to vote all clients' shares when this responsibility has been delegated to us. Our framework is set out in our Global Corporate Governance Principles and our Proxy Voting Policy. Our policy is not to automatically support the management and we will consider to what extent the proposals are in line with our policy. We focus on the extent to which managers of the business have been good stewards of shareholder capital and in particular we will pay attention to:

- Board structure and election of directors.
- Directors' remuneration.
- Audit and appointment of auditors.
- Reporting and disclosure.
- Technical issues – particularly shares without pre-emption rights.
- Capital allocation in the interests of all shareholders.
- Approach to material sustainability issues.

Our voting policy and process is overseen by our Head of Stewardship, Sustainability & Impact. In addition to conducting our own research Martin Currie employs Institutional Shareholder Services (ISS) and Ownership Matters as our proxy voting advisors to provide research and recommendations that also help inform how Martin Currie exercises the votes. All voting decisions are made on a case-by-case basis by the investment team in conjunction with the Stewardship, Sustainability & Impact team and are made in the best interests of the client.

We encourage the companies in which we invest to focus on delivering sustainable shareholder value. This means management should consider the long-term risks and opportunities presented by sustainability (environmental & social) and governance factors. How the company behaves in this respect will also inform our voting decisions. When voting against management on a material issue we endeavour to inform them of our rationale for doing so in advance of the vote to allow due time for a response.

We disclose our voting records on our website one quarter in arrears. These disclosures can be found on our Stewardship page at www.martincurrie.com. Where clients request it, we will also provide a reason for each vote against management. Martin Currie does not provide clients with a stock lending service. Should they want to lend their stock, they have to make their own arrangements, and assume responsibility for calling back their shares if they wish to exercise their voting rights.

How Martin Currie reports on stewardship and voting activities.

Transparency is critical to Martin Currie, and this includes communicating stewardship activities. Our quarterly client reports include a section on sustainability usually encompassing voting information and we produce articles on our stewardship activities, which are sent to clients and posted on our website. In addition, when requested, we provide our institutional clients with detailed quarterly reports on our engagement and voting activities. We also produce an annual report on our stewardship activities for broader dissemination and this explains our approach, engagement and voting activities, and how we meet the 12 principles of the UK Stewardship Code.

We have a more regular publication, Stewardship Matters, that reports on our stewardship activities throughout the course of the year.

We record all of our voting and engagement activity and publicly disclose a summary of our voting activities on our website. In an effort to make sure we do not depart from best practice we also solicit external assurance of our voting processes, in particular with reference to conflict management. This is under the SSAE16 framework.



How Martin Currie manages conflicts of interest in relation to stewardship.

We make significant efforts to identify potential conflicts of interest and have detailed management policies in place to mitigate these should they arise. A robust conflict management process is in place which is owned by the Board and maintained by Compliance. Our Conflicts of Interest Management Policy is available on our website. The types of scenarios covered by our conflicts of interest policy are:

- Where the interests of Martin Currie conflict with those of a client.
- Where the interests of one Martin Currie client conflicts with interest of another client.
- Where the interests of an employee of Martin Currie conflicts with the interest of a client.

One specific conflict relates to investment in the shares of our parent company, Franklin Resources. To manage this conflict, our policy is that Martin Currie does not invest client portfolios in shares of Franklin Resources.

Our policy places responsibility on all staff to identify and report any potential conflicts. These are reported to our compliance team and placed on our conflicts register. There is an established process for managing each conflict, with an owner assigned to each and controls put in place and regularly reviewed to ensure that they remain relevant and effective.

We principally manage money for institutional investors – many on a segregated basis – who all receive our policy, but we do not publish this on our website, as we do not believe it is appropriate or beneficial to share with a wider audience. The policy contains sensitive and confidential information and full public disclosure may therefore not be in our clients' best interest.

David Sheasby, Head of Stewardship, Sustainability & Impact, is independent of both the investment and client servicing teams, which helps guard against any potential conflicts. We maintain a register of conflicts and assess our controls on a quarterly basis. We also provide our staff with regular training in 'conflict management' to ensure company-wide clarity about our policies.

CONTACT



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Both companies are authorised and regulated by the Financial Conduct Authority. Martin Currie Inc, 280 Park Avenue, New York, NY 10017 is also registered with the Securities Exchange Commission.

Please note that calls to the above number may be recorded.

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