



S&W Voting Policy



Leadership

Companies should have a talented board with a proven record of protecting and delivering value, where individuals have a diverse background, record of positive performance and a breadth and depth of experience. We believe in routine director evaluation, including independent external reviews, and periodic board refreshment to foster the sharing of diverse perspectives in the boardroom and the generation of new ideas and business strategies.

The board will most effectively perform the oversight necessary to protect the interests of shareholders if it is significantly independent. Only independent directors should serve on a company's audit and remuneration committees.



Effectiveness

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

The Committee Chair maintains primary responsibility for the actions of his or her respective committee. There should be a clear disclosure of which director is charged with overseeing each committee.

The audit committee should act independently from the executive, to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control. We assess audit committees based on the decisions they make with respect to their monitoring role, and the level of disclosure provided to shareholders. We believe that the committee requires a minimum of three members – or two for smaller companies.

Remuneration committees have a critical role in determining the remuneration of executives. We believe overall remuneration levels should be reflective of the company's size, relevant peer group and recent performance.

Nomination committees are responsible for ensuring that the board contains the right balance of skills, experience, independence and knowledge to effectively oversee the company on shareholders' behalf. This process includes

managing the terms and disclosure of board appointments, both in initial recruitment and on an ongoing basis, with an emphasis on progressive refreshment. The committee must set out the board's policy on diversity, with specific reference to gender, including details of any internal objectives and progress against them.



Accountability

Each company should be headed by an effective board which is collectively responsible for the long-term success of the company. To achieve good governance requires continuing and high quality effort.

The Board should promote the interests of shareholders, should consist of mostly independent directors those of which should be held accountable for actions and results related to their responsibility.

The board should establish a formal and transparent process to review the company's corporate reporting, risk management and internal control principles.

A director's history is often indicative of future conduct and as such we typically vote against directors who have served on boards or as executives of companies with a track record of poor performance, over-remuneration, audit- or accounting-related issues and/or other indicators of mismanagement, poor oversight or actions against the interests of shareholders.

We take note of any significant losses or write-downs on financial assets and/or structured transactions. Where we find that the company's board-level risk committee contributed to the loss through poor oversight, we would vote against such committee members on that basis.



Remuneration

We believe executive remuneration should be linked directly with the performance of the business that the executive is charged with managing. The Policy should provide clear disclosure of an appropriate framework for managing executive remuneration. We expect remuneration policy to comply with best practice. When a company's executive remuneration policy deviates from these guidelines, we expect a clear and compelling rationale for why the proposed structure or practice is appropriate for the company. If the company has failed to sufficiently disclose the terms of its policy, we may vote against the proposal solely on this basis.

Remuneration should be sufficient to attract and retain proven talent but should not be excessive. We examine executive pay on a case by case basis. A clear, succinct and comprehensive disclosure of the company's remuneration structure and practices is essential for shareholders to make an informed assessment. No director should be involved in deciding his or her own remuneration. In the event of significant opposition to remuneration proposals, we will assess the responsiveness of the committee to shareholder concerns.

Incentives tied to long-term performance and holding restrictions provide the strongest alignment with the interests of long-term shareholders. The majority of the incentive opportunity should generally be subject to a performance period of at least three years. A significant proportion of incentive pay-outs should be delivered in equity to promote alignment with shareholder interests. Incentive programs should generally include specific and appropriate performance goals and a maximum award amount per employee.

Remuneration committees should retain a reasonable level of discretion to ensure that pay outcomes are justified and linked to performance, and that the implementation of the remuneration policy remains appropriate.



Performance

Performance measures should be carefully selected to relate to the specific business/industry in which the company operates and, especially, the key value drivers of the company's business.

We look at the performance of these individuals in their capacity as board members and executives of the company, as well as their performance in different positions at other firms. We would consider voting against an individual should they fail to attend at least 75% of board meetings. We are sceptical of directors who have a track record of poor performance.

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Monitoring & Engagement

We are committed to generating superior returns for our clients by investing in companies that will create long-term value for stakeholders. We actively seek to include environmental, social and corporate governance (ESG) factors, along with voting and engagement, in our investment process which in turn can influence the prospects and financial performance of our clients' investments, therefore playing a key part in our responsibility to stakeholders, society and our clients.

Oversight of this process is led by our Investment Process Committee (IPC). We use MSCI, an external company, for all Environmental Social & Governance (ESG) and ethical screening services. ESG factors are incorporated into our fundamental research process for direct investments as these can have a significant impact on the long-term valuations.

Our in-house sector specialists conduct in-depth research into UK and overseas equities by holding over 500 meetings with companies' management each year as well as undertaking media and other desk-based research. This engagement with companies enables us to fulfil our Stewardship responsibilities.



Responsibilities

This policy is based on best practice and is updated at least annually. All votes will be reviewed on a case-by-case basis.

S&W Voteable positions are uploaded to 'Viewpoint' alongside relevant research and input from Glass Lewis.

The Stewardship & Responsible Investment Group (SRIG) is responsible for overseeing the process (committee includes head of charities, x4 FM and x2 ESG specialists, Risk & Compliance) and ensuring the policy is carried out. Oversight is carried out by our investment process committee (IPC).

Glass Lewis Policy is reviewed against Smith & Williamson policy and any divergences will be reviewed by SRIG. If the two policies align then the policy will be voted through in a timely manner.



Reporting

We report on our Proxy Voting activities on a quarterly basis as well as annually in keeping with our commitments to the UN PRI and the UK Stewardship Code. These reports can be found on our website. Individual client voting records can be provided upon request.

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