



Hosking Partners<sup>®</sup>

# Voting Policy





July 2021

Hosking Partners LLP (the “Firm”) acts as the Alternative Investment Fund Manager (“AIFM”) for the Hosking Global Fund plc, the Turtle Fund plc and for the Hosking Partners Global Equity Fund, and such other pooled funds as the Firm may establish and manage from time to time (each a “Fund” and collectively the “Funds”) and also provides discretionary portfolio management services to a number of segregated client accounts, including where the Firm acts as investment adviser or sub-adviser to a pooled fund operated or managed by a third party. (“Segregated Clients”). In accordance with its obligations under the rules of the Financial Conduct (the “FCA”) and the EU Commission Delegated Regulation (EU) No. 231/2013 (the “Commission Regulation”) (the “Regulations”), Hosking Partners LLP (the “Firm”) is required to develop adequate and effective strategies for determining when and how any voting rights it holds are to be exercised to the exclusive benefit of the investors in the Funds. The Firm applies the same principles when exercising votes on behalf of its Segregated Clients where such authority has been delegated to the Firm.

This policy sets out the measures and procedures for:

- (i) ensuring that the exercise of voting rights is in accordance with the investment objective and policy of the Funds and Segregated Clients;
- (ii) preventing or managing any conflicts of interest arising from the exercise of voting rights.

## **1. ENSURING THAT THE EXERCISE OF VOTING RIGHTS IS IN ACCORDANCE WITH THE INVESTMENT OBJECTIVE AND POLICY OF THE FUNDS AND SEGREGATED CLIENTS**

Hosking’s belief is that active ownership – in the form of long-term analysis of investments, active exercise of voting rights, and constructive engagement – improves management accountability, and long-term returns. Shareholder engagement is therefore integral to Hosking’s investment process. The Firm votes proxies in accordance with the procedures set forth below and the procedures apply to any voting or consent rights with respect to securities of the Funds and Segregated Clients where delegated to the Firm.

The Firm has entered into a proxy voting service agreement with Institutional Shareholder Services Inc. (“ISS”), dated 17 June 2014 (the “ISS Agreement”).

ISS is a provider of corporate governance solutions for asset owners, investment managers, and asset service providers. ISS’ solutions include objective governance research and recommendations and end-to-end proxy voting and distribution solutions.

ISS’s Global Voting Principles, provide for four key tenets: accountability, stewardship, independence, and transparency. These tenets, which underlie ISS’ approach to developing recommendations on management and shareholder proposals at publicly traded companies, are reproduced below:

### Accountability

Boards should be accountable to shareholders, the owners of the companies, by holding regular board elections, by providing sufficient information for shareholders to be able to assess directors



and board composition, and by providing shareholders with the ability to remove directors.

Directors should respond to investor input such as that expressed through vote results on management and shareholder proposals and other shareholder communications.

Shareholders should have meaningful rights on structural provisions, such as approval of or amendments to the corporate governing documents and a vote on takeover defences. In addition, shareholders' voting rights should be proportional to their economic interest in the company; each share should have one vote. In general, a simple majority vote should be required to change a company's governance provisions or to approve transactions.

### Stewardship

A company's governance, social, and environmental practices should meet or exceed the standards of its market regulations and general practices and should take into account relevant factors that may impact significantly the company's long-term value creation. Issuers and investors should recognize constructive engagement as both a right and responsibility.

### Independence

Boards should be sufficiently independent so as to ensure that they are able and motivated to effectively supervise management's performance and remuneration, for the benefit of all shareholders. Boards should include an effective independent leadership position and sufficiently independent committees that focus on key governance concerns such as audit, compensation, and the selection and evaluation of directors.

### Transparency

Companies should provide sufficient and timely information that enables shareholders to understand key issues, make informed vote decisions, and effectively engage with companies on substantive matters that impact shareholders' long-term interests in the company.

The Firm has subscribed to the 'Implied Consent' service feature under the ISS Agreement to determine when and how ISS executes ballots on behalf of the funds and segregated clients. This service allows ISS to execute ballots on the on the funds' and segregated clients' behalf in accordance with the ISS vote recommendations. However, the Firm retains the right to override the vote if it disagrees with the ISS vote recommendation by using the ISS ProxyExchange platform to communicate override instructions to ISS. In practice, ISS notifies the Firm of upcoming proxy voting and makes available the research material produced by ISS in relation to the proxies. The Firm then decides whether or not to override any of ISS's recommendations.

The Firm will consider a range of factors in relation to proxy voting which may include the following:

### Board of Directors and Corporate Governance

F Factors such as the directors' track records, the issuer's performance, qualifications of directors and the strategic plans of the candidates.



### Appointment / re-appointment of auditors

The independence and standing of the audit firm, which may include a consideration of non-audit services provided by the audit firm and whether there is periodic rotation of auditors after a number of years' service.

### Management Compensation

Factors such as whether compensation is equity-based and/or aligned to the long-term interests of the issuer's shareholders and levels of disclosure provided by issuers regarding their remuneration policies and practices.

### Takeovers, mergers, corporate restructuring and related issues

These will be considered on a case by case basis to determine whether they are in the best interests of shareholders.

In certain circumstances, Hosking's instructions regarding the exercise of voting rights may not be implemented in full, including where the underlying issuer imposes share blocking restrictions on the securities, the underlying beneficiary has not arranged the appropriate power of attorney documentation, the relevant securities are out on loan or the relevant custodian or ISS do not process a proxy or provide insufficient notice of a vote. In addition, the exercise of voting rights may be constrained by certain country or company specific issues such as voting caps, votes on a show of hands (rather than a poll) and other procedures or requirements under the constitution of the relevant company or applicable law.

## **2. MULTI-COUNSELLOR APPROACH**

Hosking's investment strategy is founded on a multi-counsellor approach with each portfolio manager essentially operating on an autonomous basis. The decision as to whether to follow or to override an ISS recommendation or what action to take in respect of other shareholder rights is ultimately taken by the individual portfolio manager(s) who hold the position. In circumstances where more than one portfolio manager holds the stock in question, it is feasible, under this multi-counsellor approach, that the portfolio managers may have divergent views on the proxy vote in question and may vote their portion of the total holding differently.

## **3. PREVENTING OR MANAGING ANY CONFLICTS OF INTEREST ARISING FROM THE EXERCISE OF VOTING RIGHTS**

During the proxy voting process, Hosking may be confronted with conflicts of interest. The Firm has developed detailed and effective strategies for determining when and how any voting rights are to be exercised, to the exclusive benefit of its clients. Hosking ensures that all potential and actual conflicts are identified, evaluated, managed, monitored and recorded. It is the Firm's policy and duty to act in the best interests of its clients. Should a conflict of interest arise, the Firm's Management



Committee would take such steps as it considers appropriate to achieve fair treatment, including disclosure of the conflict to the affected clients, if required.

Where, in relation to a particular proposed vote, a potential conflict of interest is identified, it is notified to the Management Committee prior to the vote taking place. The Management Committee makes the final voting decision.

#### Investor and Client Information

A summary description of the Policy referred to herein shall be made available to investors in the Funds and Segregated Clients upon request. Details of the actions taken on the basis of this Policy shall be made available to investors and Segregated Clients free of charge and on their request.

#### Record Keeping

The Firm shall maintain a record of every proxy voting right actioned or otherwise in order that it may respond to specific information requests from investors in relation to specified issues.