

## Sustainable Future Fund Policy - Americas

We actively vote across US markets and where appropriate other markets within the region as an extension of our engagement and to signal support or concerns about a company's practices and proposals.

We recognise that companies are not homogeneous and some variation in governance structures and practice is to be expected. Reflecting the need for some practical flexibility, corporate governance models are increasingly operating on a “comply or explain” basis, which is an approach we are supportive of.

In making our final voting decisions we seek to have regard to any company specific context and clarifications, as well as local market standards. Within practical limits we aim, where possible, to raise issues of concern and engage with companies ahead of the General Meeting. Our core holdings are prioritised in this regard.

Voting Issue	We Policy	Vote Recommendations
<b>Financial Statements and Statutory Reports (M0105)</b>	<p>We may withhold support from the Report &amp; Accounts in certain instances including the following:</p> <p>Where adequate disclosure has not been provided or fundamental governance flaws have been found.</p> <p>Where the auditor has emphasised a matter or where the auditor has provided a qualified opinion.</p> <p>Less than 15% of the board comprised of women.</p> <p>Less than 30% of the board comprised of women (but greater than 15%).</p>	<p><b>Against</b> where adequate disclosure has not been provided (e.g. annual report not disclosed in time).</p> <p><b>Abstain</b> where auditor has emphasised a matter in its opinion.</p> <p><b>Against</b> where the auditor has qualified their opinion.</p> <p><b>Against</b> if fewer than 15% of women on the Board.</p> <p><b>Abstain</b> if fewer than 30% of women on the Board (but greater than 15%).</p>
<b>Appointment of Auditors and Auditor Fees (M0101, M0109, M0136)</b>	<p>We hold that the Audit Committee should pay particular attention to the provision of non-audit services by the external auditor.</p> <p>Where non-audit services have been provided by the auditor, We will consider carefully both the actual value of non-audit services provided as well as the ratio between the audit and non-audit fees.</p>	<p><b>Against</b> if a big 4 auditor and if non-audit fees are more than 25% of audit fees.</p> <p><b>Abstain</b> if outside big 4 auditors and if non-audit fees are more than £500,000 (or market equivalent) and are more than 100% of audit fees.</p> <p><b>Abstain</b> if excessive non-audit fees are more than 25% of audit fees and an adequate explanation is given.</p>

		<p><b>Against</b> if non-audit fees of five consecutive years and more than 25% of audit fees.</p> <p><b>Against</b> if auditor tenure &gt; 15 years.</p>
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<p><b>Company Boards (M0201) – Director Elections Director Elections/Chairman (USA)</b></p>	<p>We expect that for US companies all directors be responsible for the balance of the Board. We expect that a minimum of two thirds of the Board should comprise of independent directors and that non-independent directors should not sit on key board committees.</p> <p>We expect directors to be able to dedicate sufficient time to the role. We will vote against any director that we feel is overboarded.</p>	<p><b>Against</b> if Exec/Non-independent Non-Exec on the board are less than 2/3 independent.</p> <p><b>Against</b> if Exec/Non-independent Non-Exec on key committees.</p> <p><b>Against</b> if a Director sits on 5 or more external boards.</p>
<p><b>Poor handling of Board and committee responsibilities</b></p>	<p>Poor handling of board and committee responsibilities will be reflected in vote recommendations on the directors on these committees.</p>	<p><b>Against</b> if poor handling of Board/Sub Committee responsibility.</p>
<p><b>Chairman</b></p>	<p>We will vote abstain where a Company is seeking the election of a combined CEO and Chairman.</p>	<p><b>Abstain</b> if there is a combined CEO/Chairman.</p>
<p><b>Term of Office</b></p>	<p>Director terms should not exceed more than three years as we feel that longer terms of office reduce director accountability to shareholders.</p>	<p><b>Abstain</b> if a 4 year term of office.</p> <p><b>Against</b> if 5 year term or more of office.</p>
<p><b>Audit and Remuneration Committees</b></p>	<p>We will vote against any non-independent Director sitting on the Audit or Remuneration Committee. No Executive Director should sit on these committees.</p>	<p><b>Against</b> if non-independent NED or Executive Director on Audit or Remuneration Committee.</p>

<p><b>Share Plans (M0501, M0503, M0507, M050, M0524, M0535)</b></p>	<p>For all Executive Share Plans we hold that performance targets should be applied, should be disclosed, should be sufficiently stretching and should be sufficiently long term.</p>	<p><b>Against</b> for Share Plans where performance targets are not applied/disclosed/stretching.</p>
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<p><b>Remuneration Report (M0550) / Remuneration Policy</b></p>	<p>We determine the vote on the Remuneration Report in the context of overall levels of remuneration.</p> <p>Adhering to best practice guidelines, We will consider carefully the level of disclosure, where there are significant concerns over quantum of pay or where significant increases in salary have been granted without a clear justification.</p>	<p><b>Against</b> if there are concerns over quantum/increase in base pay (&gt;10%) without appropriate justification.</p>
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	<p>In line with we policy on Share Plans, performance targets should be disclosed (for both short and long term incentives) and be sufficiently stretching.</p> <p>Appropriate vesting levels are expected and the dilution of share schemes should adhere to recommended guidelines.</p>	<p><b>Against</b> share plans/annual bonus where performance targets are not applied/disclosed/stretching.</p> <p><b>Against</b> if dilution limits exceed recommended best practice of 10% in 10 years for all schemes.</p>
<p><b>Share Issuances/Capital Structure</b> <i>(M0329/M0331/M0300s)</i></p>	<p>We will vote in line with recommended best practice on general share issuance requests and will consider on a case-by-case basis for specific requests.</p>	<p><b>Against</b> if issue with pre-emptive rights exceed more than 100% of the currently issued share capital. <b>Against</b> if issuance of shares without pre-emptive rights exceed more than 20% of the currently issued share capital.</p>
<p><b>Organisational/Structure /M&amp;A (M0400s)</b></p>	<p>We will evaluate on a case-by-case basis on all Company structure related items including reorganisations, mergers, acquisitions, related party transactions and any bid waivers.</p>	
<p><b>Article Amendments</b> <i>(M0106,M0122, M0126)</i></p>	<p>We will consider on a case-by-case basis article amendments proposed. Should the articles be deemed to undermine shareholder rights, we will withhold support.</p>	<p><b>Against</b> if articles undermine shareholder rights or unfavourably change the board structure.</p>

## Appendix:

### Our Definition of Non-Independent Director:

- Significant shareholder (over 3% of Company)
- An employee or executive of the company
- Currently provides professional services to the company
- Has a senior role at one of the Company's advisers
- Relative of executive (or former executive) or senior employee
- Founder/co-founder/member of founding family
- Former executive (five year cooling off period)
- Has been on the board for more than three terms of office
- Has had within the last 3 years, a material business relationship with the company
- Conflicting or cross directorship with executive directors or the Chairman of the Company