

Sustainable Future Fund Policy – Rest of the World

We actively vote across the global markets as an extension of our engagement and to signal support or concerns about a company's practices and proposals. This policy excludes the US, UK and Europe market.

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	Sustainable Future Fund Policy	Vote Recommendations
Financial Statements and Statutory Reports (M0105)	<p>We may withhold support from the Report & 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>Against where adequate disclosure has not been provided (e.g. annual report not disclosed in time).</p> <p>Abstain where auditor has emphasised a matter in its opinion.</p> <p>Against where the auditor has qualified their opinion.</p> <p>Against if fewer than 15% of women on the Board.</p> <p>Abstain if fewer than 30% of women on the Board (but greater than 15%).</p>
Appointment of Auditors and Auditor Fees (M0101, M0109, M0136)	<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>Against if a big 4 auditor and if non-audit fees are more than 25% of audit fees.</p> <p>Abstain 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>Abstain if excessive non-audit fees are more than 25% of audit fees and an adequate explanation is given.</p>

		<p>Against if non-audit fees of five consecutive years and more than 25% of audit fees.</p> <p>Against if auditor tenure > 15 years.</p>
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<p>Company Boards (M0201) – Director Elections</p>	<p>We hold that for large companies we expect the majority of a Board to consist of independent directors. We will vote against non-independent directors if a majority of the board is not independent.</p> <p>For companies outside of the main market index, we seek to ensure that there is appropriate independent non-executive director and representation on the Board and would look for a board that is one third independent. Similarly, for companies which require employee representatives on the Board, we look to ensure that at least one-third of the Board comprises of independent directors.</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>Against if non-independent NED and board is less than 50% independent.</p> <p>Against if non-independent NED and board is less than one-third independent.</p> <p>Against if a Director sits on 5 or more external boards.</p>
<p>Chairman</p>	<p>We will vote against where a Company is seeking the election of a combined CEO and Chairman.</p>	<p>Against if a combined CEO/Chairman.</p>
<p>Term of Office</p>	<p>Director terms should not exceed more than three years as Alliance Trust feels that longer terms of office reduce director accountability to shareholders.</p>	<p>Abstain if a 4 year term of office.</p> <p>Against if 5 year term or more of office.</p>
<p>Audit and Remuneration Committees</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>Against if non-independent NED on Audit or Remuneration Committee.</p> <p>Against if Executive Director on Audit or Remuneration Committee.</p>

<p>Share Plans (M0501, M0503, M0507, M0509)</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>The dilutive effects of share plans should adhere to recommended guidelines.</p>	<p>Against for Share Plans where performance targets are not applied/disclosed/stretching.</p> <p>Against where plans vest < 3 years.</p> <p>Against if dilution limits exceed recommended best practice of 10% in 10 years for all schemes.</p>
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<p>Remuneration Report (M0550) / Remuneration Policy</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</p>	<p>Against if there are concerns over quantum/increase in base pay (>10%) without appropriate justification.</p>
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	<p>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>In line with our 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>Against share plans/annual bonus where performance targets are not applied/disclosed/stretching.</p> <p>Against where plans vest < 3 years. Against if dilution limits exceed recommended best practice of 10% in 10 years for all schemes.</p>
Share Issuances/Capital Structure (M0329/M0331/M0300s)	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.	Against if issue with pre-emptive rights exceed more than 100% of the currently issued share capital. Against if issuance of shares without pre-emptive rights exceed more than 20% of the currently issued share capital.
Organisational/Structure /M&A (M0400s)	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.	
Article Amendments (M0106,M0122, M0126 + M0461 (Japan))	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.	Against if articles undermine shareholder rights or unfavourably change the board structure.

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