

Voting Policy

UK Regional Guidelines

June 2014

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UK Voting Policy

These are the Regional Voting Policy Guidelines for the United Kingdom and should be read in conjunction with our overarching Governance and Stewardship Principles & Policy Guidelines. These Guidelines are prepared to assist our investment team in fulfilling its governance and stewardship responsibilities and are applied with professional care and discretion. The Principles & Policy Guidelines and the Regional Voting Policy Guidelines will be reviewed and refreshed at appropriate intervals to ensure they remain compatible with the prevailing corporate governance and stewardship environment.

For further details, please click on the link below.

http://www.standardlifeinvestments.com/governance_and_stewardship/index.html

Introduction

We will generally support the voting recommendation of a company's board having regard to our Governance and Stewardship Principles & Policy Guidelines.

In the event we vote our clients' shares against a resolution at a shareholder meeting, we will always use best endeavours to inform the company beforehand and explain the reasons when it is practical and cost effective to do so.

We will generally vote against resolutions to approve a company's report and accounts if disclosures or policies are unsatisfactory.

Directors

We will generally vote against the re-election of appropriate directors if:

- ▶ we have serious concerns regarding the composition and balance of the company's board and its committees
- ▶ it is the company's policy to appoint directors with service contract notice periods that exceed 12 months and there is no well-defined and acceptable mitigation policy and/or special justification
- ▶ it is the company's policy to appoint directors with service contracts that provide for liquidated or unmitigated damages that exceed 12 months' salary and appropriate contractual benefits unless there is special justification.

Remuneration

We will generally vote against share schemes and other forms of remuneration for directors and other senior executives which:

- ▶ may lead to salary increases that are not justified by corporate performance, relevant benchmarks or to remuneration within the broader population of the company
- ▶ reward participants for achieving average, below average or unchallenging performance targets or do not incorporate appropriate caps on participation
- ▶ do not seek to incentivise participants to achieve significant and sustained improvements in the underlying financial performance of the company, such as total shareholder return (TSR) as the sole performance measure
- ▶ do not, at board level, primarily reflect achievement of group targets
- ▶ may give rise to rewards for participants that are not justified by reference to relevant comparative yardsticks
- ▶ are not consistent with the spirit of relevant institutional investor guidance.

We will generally oppose resolutions that seek approval for remuneration policies that are inconsistent with our Governance and Stewardship Principles & Policy Guidelines.

We will also consider voting against members of the Remuneration Committee in light of poor remuneration practices.

Accounting & audit

We will generally vote against the re-election of appropriate Audit Committee members and/or the auditors:

- ▶ if at least one member of the Audit Committee does not have recent and relevant financial experience
- ▶ if the company policy on audit tendering is not consistent with the best interests of our clients
- ▶ if the independence of the Audit Committee members and/or the auditors gives rise to concerns.

Other matters

We will generally oppose resolutions seeking approval to make significant political donations unless there is a convincing and acceptable explanation.

We will generally vote against other resolutions which are not consistent with the best interests of our clients as shareholders, present and future. In doing so, we will have regard to the board's approach to determining, implementing and monitoring the values of the company.

We will also generally vote against other resolutions which conflict with the spirit of relevant guidance provided by the representative bodies of institutional investors, such as the Association of British Insurers.

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