

# Vanneck Limited; Shareholder Rights (“SRD II”) Policy

## **Policy**

Vanneck Limited (“the Firm”) complies with the requirements of the Shareholder Rights Directive (“SRD II”). It has developed a Responsible Investment & Engagement Policy which is available to anyone who requires it.

## **Procedure**

### **Responsible Investment & Engagement Policy Disclosure**

Vanneck Limited has developed a Responsible Investment & Engagement Policy describing in detail the role of shareholder engagement in its investment strategy.

This policy is available to anyone who asks for it and discloses:

- The role of shareholder engagement in the Firm’s investment strategy;
- The Firm’s procedure for monitoring investee companies on relevant matters, including: (a) strategy; (b) financial and non-financial performance and risk; (c) capital structure; and (d) social and environmental impact and corporate governance;
- Procedure for conducting dialogue with investee companies;
- Procedure for exercising voting rights and other rights attached to shares;
- Guidelines for communicating with relevant stakeholders of the investee companies; and
- Procedure for managing actual and potential conflicts of interests in relation to the Firm’s engagement.

## **Annual Update and Disclosure**

This Policy and the related disclosure are reviewed on at least an annual basis and presented to the Board.

## **Shareholder Engagement and Proxy Voting**

The Firm monitors and records the way in which it has engaged with investee companies, including with regard to, and in accordance with, the Responsible Investment and Engagement Policy.

Vanneck Limited maintains any relevant record of votes exercised and periodically, and on at least an annual basis:

- Reviews the Firm's voting record and confirm that a random sample of proxy questions were voted according to the approved policy; and
- Review any material conflicts of interest that have been documented and determine independently whether the conflict of interest was resolved satisfactorily.

Vanneck Limited is not required to disclose votes that are insignificant due to the subject matter of the vote or the size of the holding in the company. The Firm will consider the significance of each vote on an ongoing basis and in accordance with its Proxy Voting Policy.

This policy is intended for the use of the intended recipient only. Under no circumstances should this policy or its content be forwarded, copied, reproduced or redistributed without express prior written consent from Vanneck Limited. This policy is provided for information purposes only.

# Vanneck Ltd; Responsible Investment & Engagement Policy

## Introduction

Vanneck Limited is an asset management company that specialises predominantly in the management of Global and UK equities.

The primary aim of Vanneck Limited is with the preservation of capital (first) and growing it slowly (second) over the long term. To achieve this aim, Vanneck Limited invests in what we have determined to be “exceptional” companies with the expectation of holding them for the very long term. We will always endeavour to act in the best interests of our investors.

The firm’s strategic mission is to consistently meet our investors’ expectations. This relates not only to the achievement of strong investment results but also to fulfilling our investors’ wider requirements, which are increasingly focussed on a desire to invest responsibly. Vanneck Limited is also aligned with investors, as the Family Directors also invest alongside them.

## Investment Approach

Vanneck Limited is focused on avoiding permanent loss of capital and preserving this as its number one priority. We pride ourselves on our track record and our alignment with investors by investing alongside them as a Family. Vanneck Limited has a number of policies (including but not limited to; Code of Ethics, Environmental, Social and Corporate Governance, the latter of which is available on our website) which act as a fundamental when investing in any areas.

Any areas identified as a potential candidate for inclusion in the Vanneck Limited’s investment universe is analysed in detail and an intrinsic value is determined. We seek a significant margin of safety when valuing companies and when allowing for growth we estimate conservatively.

We aim to construct a concentrated and diverse portfolio of typically 15 “exceptional” companies over a three year period for our EIS fund, selected from our investment pool. For our OEIC funds, we generally invest in Global and UK dividend stocks, gilts and gold. We try to keep individual stock exposure below 4% of the total portfolio and sector specific stock below 16% to create a more diversified portfolio. All investments are selected on their own merits.

All members of the Investment Team are generalists, to encourage as broad a range of market, industry and company knowledge as possible, and all research is reviewed and debated as a team. The designated Portfolio Managers have final authority to decide whether a stock is added or removed from a portfolio.

## Integration of Environmental, Social and Governance (ESG) considerations and sustainability factors

As long-term investors our aim is to identify companies that can generate long-term sustainable high returns on capital. We have historically found that such companies tend to exhibit characteristics

associated with good corporate governance and responsible business practices.

To that end our initial analysis and ongoing company engagement strategy seeks to incorporate all sustainability factors that we believe will affect the company's ability to deliver long-term value to investors. Such factors may include but are not limited to; environmental (including climate change), social and employee matters (including turnover and culture) and governance factors (including remuneration and capital allocation), cyber resilience, responsible data utilisation, respect for human rights, anti-corruption and anti-bribery, and any other risks or issues facing the business and its reputation. The evaluation of these factors is an inherent part of our research process, as it is our view that we can best serve clients through the application of an integrated approach, where our investment team leverage these considerations to make better investment decisions.

The Investment Team takes shared responsibility for ensuring that ESG is integrated throughout the investment process.

### **Assessing the Principal Adverse Impacts (PAI) of investment decisions**

Vanneck Limited assesses the principal adverse impacts of its investment decisions on sustainability factors. This involves reading publicly available information, including company annual reports (which are increasingly, and encouragingly, devoting significantly more weight to this critical issue), and engaging with company management where appropriate. Where we identify significant negative impacts we are willing to use engagement, and as a last resort our voting rights, to encourage and influence companies to adapt their business strategies - for example to comply with legal and social requirements for the shift to a low-carbon economy.

#### Climate Change

The risks associated with climate change represent the great issue of our era and the transition to a low-carbon economy will affect all businesses, irrespective of their size, sector or geographic location. Therefore, no company's revenues are immune and the assessment of such risks must be considered within any effective investment approach, particularly one like ours that seeks to protect our investors' capital for decades to come.

### **Engagement Policy**

Engaging with and monitoring investee companies is an essential element of our investment strategy. The team's ongoing monitoring includes reviewing investee company annual reports and accounts, together with other publicly available information, and meeting with company management, when appropriate. All members of the Investment Team are involved in this process.

When we meet with company management, we will engage with them on all factors that we believe will affect the company's ability to deliver long term sustainable value to investors (as set out above). As a result of our long-term investment horizon, we build carry out extensive due diligence with investee companies. We seek open and constructive dialogue with company management and board members, in order to broaden our knowledge of the company's strategy, operations and risk identification and management, and to ensure any concerns we might have are assuaged. Our experience has demonstrated that constructive dialogue has more often than not resulted in satisfactory outcomes. However, where we have specific concerns with management's strategy, company performance (financial and non-financial), and risk profile, or where we deem it necessary to protect our investors' interests, we will consider

escalating our engagement.

If we become aware of a significant issue a member of the Investment Team will make clear our concerns and expectations. In most circumstances we arrange a meeting with board members, or if appropriate with the company chairperson or the senior non-executive director. The feedback from these meetings is then discussed amongst the Investment Team who will decide whether the response requires escalation.

If we do not believe that raising our concerns in these ways is having the desired effect we will, where appropriate and if possible, use our voting rights.

Finally, if concerns are raised with an investee company about fundamental changes to the business model on which we do not receive sufficient comfort – in particular, if the sustainability of its returns over the long term were under threat or if a sustainability risk associated with the company has increased beyond our comfort level - then in an extreme case Vanneck Limited would think seriously about disposing of the position, should we believe that action to be in the best interest of our investors.

## **Conflicts of Interest**

All Vanneck Limited staff are expected to exercise their business dealings with the highest standards of integrity. We seek always to act in the best interests of our investors and where possible avoid conflicts. Vanneck Limited is unlikely to come across such conflicts, considering we invest alongside our investors, however, occasions may arise where an actual or perceived conflict of interest exists. In such instances, we have put in place a framework of policies and procedures which govern our approach to conflicts and how we manage them. The first step is to identify any conflicts that might arise, we then determine how we can either avoid or manage those conflicts to ensure that the best interests of our client(s) are met. If we are unable to manage a conflict of interest satisfactorily, we will disclose the conflict to the client.

Vanneck Limited maintains conflicts register and policy which is reviewed annually. Any identified conflicts of interest are reported at least annually to senior management. The compliance department carries out a periodic review of identified conflicts to ensure that appropriate steps have been taken to address and manage them.

## **Proxy Voting**

The primary voting policy of Vanneck Limited is to protect or enhance the economic value of its investments on behalf of its clients. Vanneck Limited's portfolio managers are responsible for proxy voting decisions. Proxy voting decisions are the result of careful judgement to ensure the best possible outcome to generate long-term shareholder value. The manager will vote against any agenda that threatens this position, in particular concerns over inappropriate management remuneration or incentives, changes in capital structure and mergers or acquisitions which are seen as detrimental to the investment held. Where we plan to abstain or to vote against a resolution, contrary to management advice, our intentions will be communicated to the company management in advance of voting.

# Vanneck Limited; Proxy Voting Policy

This proxy voting policy sets out steps taken by Vanneck Limited to ensure votes are cast in a manner consistent with the best interests of its investors and the objective of maximising long-term investment returns for investors.

Vanneck Limited believes that companies that observe high standards of corporate governance and responsible business practices should increase their chances of survivability and their ability to generate long-term sustainable growth.

Vanneck Limited displays the UK Stewardship Code on our website.

## **Policy**

The primary objective of the voting policy of Vanneck Limited is to preserve, protect or enhance the economic value of the investments it has made on behalf of its investors. Vanneck Limited will vote against any agenda item that threatens this economic value, in particular when we have concerns over inappropriate management remuneration or incentives, general corporate governance matters, environmental and social issues, changes in capital structure and mergers or acquisitions which are seen as detrimental to the creation of business value.

Where Vanneck Limited has delegated voting authority from its investors, Vanneck Limited recognizes that the exercise of these voting rights is a fiduciary duty that must be exercised with skill, care, prudence and diligence.

Vanneck Limited's Portfolio Managers maintain final decision making responsibility for all votes, based on their detailed knowledge of the companies in which we invest.

Vanneck Limited votes on behalf of its investors in accordance with the Policy Guidelines set out below which govern, under each voting category, whether to vote For, Against or Abstain. These are approved collectively by the Portfolio Managers and they are reviewed annually.

## **Conflicts of Interest**

Where a conflict of interest exists, Vanneck Limited will take all necessary steps to disclose, address and resolve the conflict. Where those conflicts are sufficiently material, Vanneck Limited will obtain written instruction or direction from investors with respect to voting the proxy.

## **Reporting**

Should any Proxy Voting occur, Vanneck Limited will display the results of these in the form of a report and issued to investors upon request.

## **Appendix A – Proxy Voting Guidelines**

Our long-term approach generally leads us to be supportive of company management and for routine matters Vanneck Limited typically votes in line with management recommendations. However, the primary objective of the voting policy of Vanneck Limited is to protect or enhance the economic value of the investments it makes on behalf of its clients. Vanneck Limited will therefore abstain or vote against any agenda item that threatens this position and where dialogue has not been effective.

### **Audit/Financials, Board Related, Meeting Administration and Shareholder Proposals**

Vanneck Limited typically votes in line with management recommendations, where they are not expected to materially impact the long-term economic interests of shareholders. Such votes include, but are not limited to:

- Corporate administrative matters, financial budget and strategy, annual audited report, appointment and re-election of auditors, appointment and re-election of Directors.

Examples of where we may discuss a vote at greater length include: conversations regarding Director roles, dismissals or contentious appointments, and also votes relating to ensuring skill diversity across a Board.

### **Capital Management and M&A**

Vanneck Limited typically votes in line with management recommendations on capital management matters and, in general, on M&A matters too.

Occasionally however there may be instances where we judge that a corporate restructuring, or a merger or acquisition, is not in the best interests of our shareholders and if engagement with the company does not have the desired effect, we will abstain or vote against management.

We have also considered using our voting power to cement our position, for example:

- Where a company quest for a single quoted entity could have meant that our investors were forced sellers of shares at a time and price not of our choosing.
- To encourage a company to conserve cash by disinvesting non-core assets, and/or suspending dividends.
- When shareholders are at risk of not being treated equally or where a founding family is prioritising their own interests.

### **Remuneration**

Vanneck Limited pays careful consideration to the compensation policies of the companies in which we invest. In assessing their compensation policies, we focus more on how incentives are structured rather than the actual quantum of compensation. In other words we can be comfortable with large rewards provided that the incentives are aligned with shareholders' interests and our principles. Where we do not believe that a company's compensation policy is aligned with the long-term best interests of the shareholders, we will write to management to inform them of our intention to abstain or vote against such policies. As a minimum criteria we expect companies to demonstrate alignment with the following principles:

- Vanneck Limited believes that long-term executive compensation should be linked to measurable performance goals that are under the direct influence of the individual concerned. In this way, executive incentives are aligned to the contribution those executives make to the business and will likely differ depending on the executive's role. In principle we prefer performance measures based upon achievable long-term returns on capital.
- Long-term compensation should be paid in cash. This is because compensation in the form of equity linked awards has the disadvantage that the share price of the company at any point in time may be influenced by exogenous factors that are not under the direct control of the executive.
- In addition, share-based awards, when based on options, although intended to align with shareholder interests, may not actually do so. Options should be reserved only for those who truly influence whole company performance and vesting periods should equal or exceed five years.
- Real alignment is best achieved when executives buy shares with cash in the same way as investors.
- The potential dilution to existing shareholders must be fully considered when making decisions over the number of shares made available for stock-based compensation.
- The amount of compensation awarded to an executive should equate to the value they are judged to have created rather than on peer group comparisons, as this is self-reinforcing.

## **Environmental and Social Issues**

Vanneck Limited typically votes in line with management recommendations, where they are not expected to materially impact the long-term economic interest of shareholders. Lindsell Train may however support shareholder proposals, on a case by case basis, which may include the following instances:

- Where they relate to the disclosure of material environmental (including climate related) and social factors.
- Where there is a significant potential threat to shareholders' interests as a result of controversies, fines, penalties, or litigation associated with the company's environmental or social practices.
- Where there is risk of a company failing to meet their regulatory and legal obligations within the jurisdictions in which they operate.

In deciding our course of action, we will assess:

- If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is already currently available to shareholders from the company or from other publicly available sources.
- Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive.
- Whether there is clear and material economic disadvantage if the issue is not addressed.