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Thomas Miller Investment
Stewardship Code Policy (‘the Policy’)

Introduction

This document sets out the policy of Thomas Miller Investment Ltd, Thomas Miller Wealth Management Limited and Thomas Miller Investment (Isle of Man) Ltd (collectively “TMI”) on the UK Financial Reporting Council’s Stewardship Code (the Code).

The Code is a best practice document which aims to enhance the quality of engagement between institutional investors and the UK listed companies in which they invest in order to improve long term returns for shareholders and help with the efficient exercise of governance responsibilities.

The Policy is reviewed annually and may be amended at any time to reflect material changes.

Policy

In accordance with the FCA rules, specifically the Conduct of Business Rules (COBS2.2.3R), TMI’s commitment to the Code is disclosed below.

Principle One - Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

TMI has decided to comply with the Code introduced by the Financial Reporting Council, and will use the Code to inform its voting procedures and its relationships with the management of companies which are owned by its clients.

The Code is applied to all TMI clients with direct equity holdings, both institutional and private client.

TMI signed up to the Code in September 2010 and has taken its responsibilities in respect of it seriously since then. TMI make a point of regularly meeting with management of companies that TMI own and have engaged with them on a number of issues considered important in relations to stewardship. The main issues that TMI have tended to bring up at such meetings includes leadership, and the strategic direction the company is being taken in, impact on the environment of the company’s activities, executive remuneration, and overall ethical business practices. Given TMI’s size, such engagement tends to be more productive with smaller companies, as access to senior management at larger companies (FTSE 100) tends to be more limited.

Stewardship matters come up frequently at TMI’s internal equity and investment committee meetings, where they are an agenda item. Stewardship concerns, and the reputability of a company, are also considerations when making a recommendation for an initial investment, with corporate governance high on TMI’s agenda of criteria when looking at a company for the first time.

TMI consider that such concerns are of high importance to TMI’s client base, as TMI regard ethical working practices and good governance as being of crucial importance in determining a company's viability and likelihood of success, and to a degree its long term equity returns. In particular, TMI see it as highly important in terms of avoiding corporate misfeasance, and the potential downside to equity investments from that.

TMI uses Proxyedge, part of Broadridge, in order to exercise its shareholdings voting rights at meetings. However, TMI do not use a proxy advisory service. TMI's views on determining how to vote at meetings are determined from a combination of reading the Annual Report, reading around the company in the financial press, and the views of the analysts who cover the stock. TMI have recently voted against executive remuneration proposals for at least one of TMI's holdings.

Principle Two - Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

TMI maintains a Group Conflicts of Interest Policy which is made available to all new clients prior to entering into a relationship with TMI and up to date versions are available for them to inspect through TMI's public facing website,
Arrangements which may be employed to manage conflicts of interest include:

Corporate policies and procedures

TMI maintains corporate policies which prohibit employees from putting their own interests or those of TMI above the interests of TMI's clients. For example: a Personal Account Dealing Policy to ensure TMI employee's personal investment interests do not take precedence over the
interests of TMI's clients; a Gifts Hospitality & Benefits Policy which prohibits employees from accepting gifts, hospitality or other non-monetary benefits which may impair their ability to act in the best interests of TMI's clients.

Information barriers

Information barriers, often referred to as 'Chinese walls', are used to prevent or restrict the flow of information between different parts of TMI or between TMI and its Associates where such an exchange of information may harm the interests of one or more clients. Chinese walls may be established by segregating data and computer systems as well as the physical separation of
employees performing potentially conflicting functions.

Segregation of duties

Where it is possible and appropriate, TMI segregates the duties of individuals or parts of the business whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict. Where an employee's role may give rise to a conflict between their personal interests and the interests of TMI's clients, that employee's activities will usually be checked or authorised by another employee.

Independent oversight

The TMI Boards ensure that this Policy remains appropriate given the size and organisation of TMI and the nature, scale and complexity of TMI's business. Line management are responsible for overseeing adherence to this policy and in particular the effective identification, reporting and management of conflicts of

interest within the teams that they oversee. TMI’s Compliance & Risk Team provide support and monitor the business’s adherence to the firm’s policy.
TMI does not deal on a proprietary basis, and this stance is unlikely to change in the future.
TMI’s ownership structure should not give rise to conflicts of interest, as the company is owned primarily by its staff and not publicly quoted.

Conflicts within TMI

Due to the nature of the business model within TMI no material conflicts have been identified to date. However ongoing conflicts management within TMI remains in place and in the event of such conflicts being identified the governance mechanism would require that they would be reviewed at the TMI Operational Risk Committee and escalated to the relevant Boards if deemed significant. Arrangements that may be employed thereafter to manage such conflicts would be: declining to provide a service; specific disclosure of that conflict or active independent oversight, monitoring and management of the conflict.
TMI believe that the use of committees should resolve most potential issues. In the event of any unresolved uncertainty over conflicts, the Chief Executive Officer will make the final decision.

Principle Three - Institutional investors should monitor their investee companies.

All companies TMI invests in are monitored on a regular basis by the relevant analyst or portfolio manager responsible. Monitoring includes the study of financial statements by the company concerned, meetings with management, following the company in the media and financial press, as well as the use of third party broker research and any primary research undertaken.

It may also include attendance at company meetings, and any one-to-one meetings with employees other than management (e.g. investor relations staff and PR representatives) that TMI is able to undertake.

The monitoring of client company holdings is undertaken to ensure that the company is being run in a satisfactory manner and in accordance with the preconceptions that the relevant analyst or portfolio manager had for the company at inception. The monitoring of the company is also likely to give consideration to the social, environmental and governance procedures that the company employs, and to ensure that these are also in accordance with those expected of the company. While the company’s broad direction, success in execution and overall profitability will be key concerns, TMI also look at companies to ensure that at an ethical level they are behaving properly. This might include analysis of the way they treat their staff and the staff’s overall well-being, adherence to the laws of the countries they operate in, and the degree to which their business practices are ethical.

Typically, monitoring will involve scrutiny of the Annual Report, and other financial releases. The effectiveness of such analysis will be judged in relation to the degree that any corporate developments surprise or concern us at a later date.

Generally, TMI would expect investee companies to adhere to the Corporate Governance Code. TMI have consistently voted against the combination of CEO and chairman in the same individual, and have stressed the need for Board diversity and independence in TMI's meetings with management.
TMI is quite happy to be made an insider, and has been made so on occasions accompanied by robust control frameworks. The practice would be for the relevant investment manager to contact and liaise with one of TMI's Compliance Officers, currently Paul Clague or Tim Pither.

TMI will, where necessary, raise concerns over investee company policies directly with management at face to face meetings or through us initiating communications, through their corporate broker or through their internal or external investor relations function.

Principle Four - Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

TMI will undertake to escalate its involvement with client companies where it is felt that this is required, and where executives' management of the companies is felt to be having a detrimental impact on their investment value. This would be identified and initiated at an early enough stage in order to minimise any problems and minimise any loss of shareholder value by TMI's clients. The responsibility for identifying the point at which escalation is appropriate falls to the Thomas Miller analyst responsible for the original research but may be initiated by anyone within the team, with the Thomas Miller Equity team making a final decision on an appropriate response.

Typical instances where escalation would be considered prudent might include: indications that the company is going astray (losing its edge or effectiveness, losing competitiveness, diversifying into areas unrelated to its main business, or where it doesn't have sufficient expertise), instances of corporate excess (remuneration committee not performing its function properly), concerns raised by auditors, or the audit committee, corporate misfeasance (bribery, breaking the law etc.), or the company not fulfilling its expectations as outlined in the section above on Monitoring.

Engagement would be through contact with management: executive management if the issue was primarily one of performance, and non-executive if it was one of governance. Calling for resolutions, collaborative action with other investors and open letters to management will also be considered.

The effectiveness of any intervention would be assessed by the remedial nature of any reforms carried out by the company. TMI would hope to see evidence that it had changed its ways, or the path on which it had set out and which was giving concern. Changes in senior personnel would be an indication of this. At the very least, TMI would expect to see or hear some acknowledgement on the part of the management or the Board that they were aware of raised concerns and were intent on action to address them.

If TMI believe the management to be remiss in addressing TMI's concerns, TMI will sell the position.

Principle Five - Institutional investors should be willing to act collectively with other investors where appropriate.

TMI is willing to be approached by other investors, and will consider supporting other investors over an issue, where it feels that co-ordinated action would be beneficial to its company holdings and its clients' interests.

TMI has not previously linked up with other investors in order to engage collectively, but there is no reason why it can't in the future, and it would be prepared to do so if contacted by another party. The contact for this kind of collective action would be James Penn, Senior Portfolio Manager (01624 645200). The rationale for acting with others would be that meeting with management, and further escalation of investor concerns had failed, and that a co-ordinated response with other investors was the only way of bringing the company, or senior management, to book.

Principle Six - Institutional investors should have a clear policy on voting and disclosure of voting activity.

TMI will vote on AGM resolutions and resolutions at other company meetings for the majority of its UK discretionary holdings, both for institutional and private clients. Exceptions will be some of its private client holdings where the investments are held with someone other than its main custodian. This is due to cost/economics issues, given that TMI's main onshore custodian charges on a per vote/per account basis, rather charging per vote across all the accounts, as TMI's offshore custodian does. Given the large number of individual accounts, voting the onshore private client accounts would prove prohibitively expensive. TMI do not vote either on a small collective offshore fund it manages, given the custodians involved are not linked to ProxyEdge, and any voting would have to be manual. TMI do not vote on advisory or client requested holdings.

The essential approach is that voting is an essential part of being an investor, and owner, of a business. Voting policies for major investors have been too lax in the past, and this has allowed some management to take too much leeway, and has exaggerated the agent/principal problem. TMI fully believe that voting is an essential indicator of involvement on the part of an investor in the investee company, and that voting against management, where due thought has been given to the issue, is an essential part of steering the company in the right direction. This will include voting against management, or registering an abstention, where TMI feel strongly on an issue, or where TMI disagree with management on a particular matter and have not been able to come to a resolution. If TMI are entirely happy with the way the company is being run, and feel that the corporate governance is effective, TMI are likely to support all the resolutions.

The main areas of TMI's voting against management wishes historically has been in relation to corporate governance (e.g. combined CEO/chairman roles), and against what TMI have perceived to be excessive remuneration in relation to the value accruing to shareholders and the company's other stakeholders.

Historically, where TMI have voted against an issue TMI have not informed the Board in advance. However, this is something TMI are reviewing.

TMI are looking into disclosing TMI's voting record publicly, and it is our intention to have this available on our website at the end of 2016.

As already stated, TMI do not use an advisory service to assist us in TMI's responses to voting resolutions, and TMI's opinions and responses are generated internally.

TMI does not lend stock through its custodians.

Principle Seven - Institutional investors should report periodically on their stewardship and voting activities.
The voting record at TMI will be collated and downloaded from Proxyedge on an annual basis, and this information will then be summarised and disclosed to investors. This will usually involve highlighting all the votes against and any abstentions, rather than each individual vote (given the number of these), although the full record will be available on TMI's website.

Historically, TMI have not reported to clients on our record of engagement with companies, but this is something we intend to do in future on a rolling 12 month basis, beginning at the end of 2016.

TMI does not currently get its voting record independently verified by an outside assurer. However, this may be reviewed in the future if considered appropriate and cost effective. TMI's view is that TMI currently have sufficient checks and balances, through the monitoring of TMI's adherence to the Stewardship Code and TMI's voting patterns and disclosures by the Equity Committee and the Internal Audit function.

Finally, it should be noted that Thomas Miller Investment Limited and Thomas Miller Investment (Isle of Man) Limited are subject to an annual AAF report. This is an internal controls report conducted by independent parties under standards and guidance issued by the Institute of Chartered Accountants in England and Wales and provides additional (independent) assurance reporting on stewardship and voting.

Further Information
A copy of the Policy can be found on the TMI's website, www.tminvestment.com.

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