

Thomas Miller Investment (TMI) Engagement Policy

Background

TMI has provided investment management services for over 25 years and focuses on creating robust investment strategies, expressly engineered around our clients' circumstances, preferences and the goals they ultimately want to achieve.

TMI supports the principles of good stewardship and responsible investment. We have subscribed to the UK Stewardship Code ('the Code') since 2010 and TMI is revising its stewardship activities to subscribe to the 2020 Code, an enhanced version of the Code that has replaced the 2012 Code.

In 2020, we also became a signatory to the United Nations Principles for Responsible Investment (PRI), a voluntary and aspirational set of investment principles for incorporating wider ESG issues into our investment management activities.

The Shareholder Rights Directive (SRD II) is a recent regulation that aims to promote effective stewardship and long-term investment decision making. It seeks to achieve this by enhancing the transparency of engagement policies and investment strategies across the institutional investment community. This document sets out TMI's approach to engagement in accordance with SRD II requirements and the 2012 Code.

1. Integration of shareholder engagement in TMI's investment strategy

TMI has integrated stewardship and environmental, social & governance (ESG) factors into our investment process and has used the Stewardship Code to inform our voting on shares we have invested in on behalf of our clients. However, the ability to do so may be constrained in the case of passive holdings or when investing in asset classes indirectly - e.g. through exchange-traded funds (ETFs) and Investment Trusts.

TMI regards ethical working practices and good governance as being important in determining a company's viability and likelihood of success, and to a degree its long term equity returns.

2. Monitoring investee companies

All the companies TMI invests in for our clients are monitored on a regular basis by the relevant asset-class research team. This includes for upcoming company meetings, studying the financial statements by the company concerned, dialogue with management wherever possible, following the company in the media and financial press, as well as the use of third party broker research and any primary research undertaken.

Our engagement may include attendance at company meetings or one-to-one meetings with employees other than management (e.g. investor relations staff and PR representatives).

TMI will, where we consider it appropriate and productive to do so, raise concerns over investee company policies directly with management at face-to-face meetings wherever possible or by initiating communications, through their corporate broker or through their internal or external investor relations function.

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(a) Strategy

Our asset-class research teams include non-financial and financial performance, ESG policy, risk, capital construction and strategies with our investment analysis.

(b) Financial and non-financial performance and risk

TMI's asset-class research teams consider both financial and non-financial factors when analysing securities. Our monitoring of investee companies may include company reports and statements, broker research, independent analysis, press comments and direct contact with the company where it is possible to do so.

(c) Capital structure

The Capital structure of an investee company is considered by the relevant asset-class research team on initial investment and subsequently monitored for any changes on a short and long term basis.

(d) Social and environmental impact and corporate governance

TMI incorporates ESG considerations directly into our investment process and considerations. This allows our asset class teams / portfolio managers to consider ESG alongside more traditional measures of performance.

3. Dialogue with investee companies

TMI has previously engaged with investee companies on a number of issues considered important in relation to stewardship and we aim to continue doing so where we believe it may be productive (e.g. about leadership, strategic direction of the company, environmental impact, executive remuneration). Given TMI's size, such engagement is likely to be more productive with smaller companies than with larger companies (e.g. FTSE 100 firms).

If our initial approaches are unsuccessful, we would consider whether our desired objectives could be achieved by escalating matters ourselves or in cooperation with other shareholders. We have no fixed strategies for escalation and we would consider the best approach to take on a case-by-case basis.

4. Exercising voting rights and other rights attached to shares

Where voting rights are available and clients have delegated proxy voting responsibility to TMI, we aim to use judgement to ensure that we utilise this power appropriately.

Where TMI believes that resolutions are not in the best interest of shareholders or the community as a whole, we will exercise any voting rights to oppose such proposals. TMI's views attempt to incorporate current issues and our opinion on key governance topics, which embody the positions and factors we prioritise in casting proxy votes. These may address a variety of individual topics, including shareholder voting rights, anti-takeover defences, board structures, the election of directors, executive and director compensation, reorganisations, mergers, issues of corporate social responsibility and various shareholder proposals.

TMI uses a proxy voting service to vote and a summary of our voting record is published annually on the TMI website. TMI does not lend stock and has not elected to obtain an independent opinion on its voting record.

5. Cooperating with other shareholders

TMI recognises that there will be occasions when cooperating is likely to be the most productive way to engage with an investee company – e.g. where other shareholders share our concerns and individual engagement has not / is unlikely to produce a desirable outcome. TMI has not previously done so, but we are open to working alongside other shareholders where we consider that it would be beneficial. This could include making use of the PRI's collaborative engagement platform to support initiatives complimentary to our approach to responsible investment.

We recognise that by pooling resources and joining forces with other shareholders to represent a larger block of shares, TMI may be able to gain greater influence in bringing about positive change.

6. Communicating with relevant stakeholders of the investee companies

TMI may make use of the PRI Collaboration Platform which is designed to allow investors to pool resources, share information and enhance their influence on ESG issues. We are also open to approaches from other shareholders.

7. Managing conflicts of interests

TMI is committed to managing appropriately any conflicts of interest to ensure that we act in the best interests of our clients. A copy of TMI's conflicts of interest policy is available at www.tminvestment.com.

The policy sets out how TMI identifies and manages any actual or potential conflicts of interest to ensure we act in our clients' best interests and treats them fairly. Should any conflicts of interest arise on voting or engagement between TMI, and/or a particular client and our wider client base, it is TMI's policy to ensure we act in the best interests of all our clients.

Further Information

This policy is published on the TMI website together with a record of our voting activity. Our website address is: www.tminvestment.com

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