

Stewardship Policy and Proxy Voting Guidelines

The attached Stewardship Policy and Proxy Voting Guidelines was originally prepared in March 2014 and presented as a draft, it was subsequently approved by this Committee in November 2014 with a request for consultation with Fund Managers. Due to a number of workload issues and staffing changes the final version has been delayed but following consultation with the Funds Equity Managers this has now completed subject to approval.

The Policy is an expression of the Funds approach to this area and outlines the approach to Stewardship and the Engagement Policy plus an explanation of our voting guidelines across a range of key aspects of company governance. The policy will be a reference for the Funds Investment Managers but allows for the Managers to apply the policy flexibly where they can demonstrate an alternative approach would be in the best interests of shareholders.

In brief, the Voting Guidelines which would be applied to Board resolutions covering areas such as:

- Boards and Directors – Board size and structure, election of Directors, remuneration committees, representation and voting, leadership and diversity.
- Audit Issues – appointment of external auditors, auditor remuneration, audit committees and internal audit.
- Remuneration – Disclosure, clarity, proportionality, terminations and remuneration committee.
- Annual Reporting – Annual Report and Accounts, Auditors Report, Dividend Allocation
- Market specific Issues – there are a number of specific guidelines based upon practices unique to individual markets which require additional explanation.

Each of the Funds main equity managers have been consulted on the Policy and their responses are shown in the table below. There are no issues considered significant enough to amend the policy and each of the managers have agreed to report their proxy voting to the Committee and particularly any deviations from our policy as explained below.

| | |
|-------------------|--|
| Majedie | This looks fine |
| Longview Partners | <p>We have referred the attached Stewardship Policy to our third-party proxy voting services provider, Glass Lewis. Glass Lewis votes all proxies on behalf of Longview Partners Investments Global Equity Unhedged Fund.</p> <p>Glass Lewis has confirmed that the WCC Policy is very similar to the existing policy applied to the Fund's proxy voting actions.</p> <p>As such, we have no issues to raise with the WCC Committee and will continue to consider all company meeting proposals in the context of the existing policy.</p> |
| Legal & General | <p>The City of Westminster Stewardship Policy and Proxy Voting Guidelines is very detailed on voting and engagement. For the most part in the UK and other markets, everything is in line with what we advocate. However, there are areas where they deviate from our own approach and they have a policy in regions where we don't vote (e.g. Luxembourg, Greece) or don't have a policy where we do vote (e.g. South Korea).</p> <p>An example of where our voting policy differs is on the issuance of shares with non-pre-emptive rights. Our limit is typically 5% (page 14 LGIM UK Corporate</p> |

Appendix 3

| | |
|-----------------|--|
| | <p>Governance and Responsible Investment Policy) whereas the City of Westminster has a limit of 20% (page 11).</p> <p>All our policies can be found on our website below: http://www.lgim.com/uk/en/capabilities/corporate-governance/policies/</p> |
| Baillie Gifford | <p>We have had a look at this and there are no particular issues that we'd need to discuss with the Committee.</p> <p>The caveat below is important as there may be reasons why we don't vote in line with the policy from time to time but the rationale for any such votes should be fully explained in our quarterly reports.</p> <p>Case-by-case approach</p> <p>Our general and market-specific voting policies reflect the Council's general position on the main proxy voting issues. As a responsible investor the Council encourages investment managers ('managers') to consider all proposals put to shareholders' vote on a case-by-case basis. The Council invites managers to retain the flexibility to take voting decisions different to those suggested by our policy, taking into consideration specific characteristics and circumstances of the company, the rationale it has provided, the market context and the best interests of shareholders and other stakeholders.</p> |