Shareholder Activism Policy

Slater Investments Limited’s approach to its responsibility as an Institutional Shareholder
Our Policy

The Financial Reporting Council (FRC) in July 2010 produced the “The UK Stewardship Code” (The Code) and the Financial Services Authority (FSA) has incorporated a requirement to disclose The Code in COBS 2.2.3 with effect from 6th December 2010 on the firm’s website. This document sets out Slater Investments Limited’s (SIL’s) approach to discharging its obligations in regard to its stewardship responsibilities as required by Principle 1 of The Code.

SIL’s investment process is structured so that we invest in companies that are well managed with high standards of corporate governance and a sound management team.

It is SIL’s policy to engage actively with the management of investee companies in a transparent manner and effectively monitor their performance. We focus on those companies where we have a significant shareholding as we believe it is here that we can add most value.

SIL reports on its engagement to its clients either in writing or in formal meetings.

Conflicts of Interest

Principle 2 of the Code requires that institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

It is SIL’s policy to avoid conflicts of interest wherever possible. In the event that a conflict arises it will be disclosed to our clients and a course of action will be agreed with the client. Conflicts are managed on a case by case basis.

A copy of Slater Investment’s full Conflicts of Interest Policy is available upon request.

Monitoring Performance

Principle 3 of the Code requires that institutional investors should monitor investee companies.

The Investment Team monitors the share prices of investee companies on a daily basis. In addition the Team monitors market announcements including Annual Reports and other circulars and general meeting resolutions. The result of this monitoring process is brought to the attention of the Investment Committee. Prior to investment the Investment Team meets with management and following results the Team meets with management (or the investment relations department of larger companies) and more often if necessary.
Principle 4 of the Code requires that institutional investors should establish clear guidelines of when and how to escalate their activities as a method of protecting and enhancing shareholder value.

The Investment Committee monitors the corporate governance of investee companies.

The Committee determines whether or not action needs to be taken:

- If the company’s strategy has changed
- If the company’s strategy is not working
- If there is a misalignment of the company’s incentives

In these cases SIL would normally sell its investment.

Annual and interim accounts are analysed by the Investment Team and any points of concern are brought to the attention of the Fund Manager and/or the Investment Committee.

Meetings are scheduled with the management of investee companies at least twice a year following preliminary and interim announcements. Further meetings are held if and when necessary.

Intervening when necessary

Principle 5 of the Code requires that institutional investors should be willing to act collectively with other investors where appropriate.

SIL’s primary duty to clients is to act in their best financial interests. We protect our clients’ interests by effectively monitoring companies, meeting with management and having a proactive approach to voting. SIL is prepared to engage and collaborate with other institutional investors if SIL believes that it will lead to a more positive outcome.

Voting Policy

Principle 6 of the Code requires that institutional investors should have a clear policy on voting and disclosure of voting activity.

Generally, SIL has a policy to vote by proxy at all general and extraordinary meetings of companies where it is invested. Where the matter is particularly contentious, a SIL representative may be present. It does not delegate voting to any third party.

The matters to be voted on are assessed for each meeting. There may be times when Slater Investments will vote against resolutions.
Broadly, SIL follows a policy of limiting the amount of stock directors can issue without shareholder consent to 5%.

SIL will usually vote in favour of company management except in cases where it feels that a board is not acting in the best interests of its shareholders. In these cases, SIL will either abstain or vote against resolutions.

SIL encourages executive remuneration policies that align directors’ and shareholders’ interests. We pay particular attention to schemes that create excessive equity dilution.

SIL pays particular attention to acquisitions and disposals. We are prepared to vote against value destructive acquisitions or disposals if necessary.

SIL does not support the funding of political parties or organisations.

There are times when engagement with management fails and at this stage it would normally be SIL’s policy to sell the investment. However SIL is prepared to intervene actively by changing management either through the Chairman or the Senior Non Executive Director or as a last resort by calling an EGM. The latter is likely to happen only in extreme cases.

**Evaluating and Reporting**

Principle 7 of the Code requires that Institutional Investors should report periodically on their stewardship and voting activities.

The Investment Committee assesses the effectiveness of engagement with management.

SIL maintains records of its all voting and engagement. SIL reports to its clients on a quarterly basis on its voting activity.

**Social Responsible Investment Policy**

Our policy is to invest in companies based on financial criteria only.

**Class Actions**

SIL’s policy on class actions is to review cases as they arise and discuss with our clients the merits of participating in an action. Once this dialogue has taken place an appropriate strategy is put together.