



Sanlam UK
Shareholder Engagement Annual Disclosure

Document Control

Document Title	Shareholder Engagement Annual Disclosure
Applicability	Sanlam Investments UK Limited (" Sanlam ")
Document Location	<ul style="list-style-type: none">• Website
Policy Sponsor	The Board of Sanlam UK Holdings Limited
Document Owner	Head of Compliance
Review Period	Annually
Next Review Date	June 2025

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1. Introduction

In accordance with the Shareholders Rights Directive II (SRD II), Sanlam is pleased to provide this annual disclosure of our shareholder engagement activities and voting behaviour for the period of June 2023 to May 2024. We believe that active engagement with the companies we invest in is crucial to fulfilling our fiduciary duties to our clients and promoting sustainable, long-term value creation.

2. Our Approach to Shareholder Engagement

Sanlam is committed to maintaining an open and constructive dialogue with the companies in which we invest. Our engagement activities are guided by our comprehensive Engagement Policy, which outlines our approach to identifying material environmental, social, and governance (“ESG”) risks and opportunities, monitoring corporate performance, and exercising our voting rights in a manner consistent with our client's best interests.

Our engagement efforts typically involve a combination of:

- **Ongoing Dialogue:** Regular communication with company management and boards of directors on topics ranging from strategic direction to specific ESG concerns.
- **Collaborative Initiatives:** Participating in industry-wide engagements and investor coalitions focused on promoting best practices in corporate governance and sustainability.
- **Proxy Voting:** Exercising our voting rights in a manner that reflects our assessment of each proposal's potential impact on long-term shareholder value and alignment with our clients' investment objectives.

3. Voting Behavior and Rationale

Sanlam considers a wide range of factors when evaluating proxy proposals, including:

- **Alignment with Long-Term Value Creation:** We prioritise proposals that we believe will enhance the company's ability to generate sustainable, long-term value for shareholders.
- **Environmental and Social Impact:** We assess the potential environmental and social implications of each proposal, taking into account the company's industry, operating context, and stated sustainability goals.
- **Governance Practices:** We evaluate proposals related to board composition, executive compensation, and other governance matters in light of recognized best practices and our own assessment of the company's specific needs.

In general, we support management proposals that are consistent with our investment philosophy and approach to responsible investing. However, we are not afraid to vote against management when we believe it is necessary to protect the interests of our clients or promote positive change within the company.

As a relatively small asset manager, we recognise that our individual voting power may be limited. However, we believe that our engagement activities, combined with our willingness to vote against management when warranted, can send a powerful signal to companies and contribute to broader industry efforts to improve corporate behaviour.

4. Voting Activity and Case Studies

During the period June 2023 to May 2024, Sanlam exercised our voting rights at the annual general meetings (AGMs) of 213 companies. In total, we cast 5,606 votes, of which 5,145 were in favour of management proposals, 444 were against management proposals, and 17 were abstentions.

Some notable examples of our voting decisions include:

- **SSE:** Voted against a proposal that would have weakened the independence of the board of directors.
- **Microsoft & Cisco:** Voted against proposals related to executive compensation and board structure that we believed were not in the best interests of shareholders.
- **Coloplast:** Voted against the appointment of two directors due to concerns about their independence and qualifications.
- **DSM Firmenich:** Voted against a proposal that would have given the board of directors greater discretion to add new items to the AGM agenda without shareholder approval.
- **Procter & Gamble:** Voted against the re-election of the CEO as chairman of the board, citing concerns about the potential for conflicts of interest.

These examples illustrate our commitment to voting in a manner that we believe is consistent with our client's long-term interests and our broader commitment to responsible investing.

5. Proxy Voting Service Provider

Sanlam utilizes the proxy voting services of Broadridge Financial Solutions to facilitate the exercise of our voting rights. While we leverage Broadridge's logistical and technological capabilities, we maintain full discretion over our voting decisions, conducting independent research and analysis to inform our votes on each proposal.

6. Conclusion

Sanlam believes that active shareholder engagement is an essential component of our investment process and a key driver of long-term value creation for our clients. We are committed to continuing our efforts to engage with companies on material ESG issues, exercise our voting rights responsibly, and promote positive change within the corporate sector.