

## Report on Kestrel Partners LLP voting behaviour in respect of Kestrel clients

### Period 1 April 2021 – 31 March 2022

The Kestrel ESG Engagement Policy (SRDII) is published on our website at [www.kestrelpartners.com](http://www.kestrelpartners.com). We adhered to our policy in the period under review and this report considers our voting behaviour in respect of Principal Investee Companies (“PICs”) where we hold over 3% of the issued equity.

#### Our voting behaviour generally

In summary, Kestrel Partners LLP voted on behalf of clients at every general meeting and on every resolution during the period, as set out below:

	Shareholder meetings held in period	Shareholder meetings at which we voted	Total number of resolutions presented	Total number of resolutions on which we voted*
Annual General Meetings	16	16	154	154
General Meetings	2	2	7	7
	18	25	161	161

*\*includes votes withheld, where we lodge a withheld vote*

#### Our general approach to investee company engagement prior to a general meeting

We encourage, and expect, investee companies to discuss any significant or unusual resolutions with us prior to convening a shareholder meeting. As part of this process, conducted by way of formal market soundings where appropriate, we provide feedback and suggestions on such resolutions.

In our experience, investee companies tend to make amendments to their formal resolutions taking our feedback, and that of other institutional investors, into account. Where we are unable to get comfortable with a proposed resolution we carefully consider issuing an AGAINST vote or withholding our vote.

#### How we voted in general meetings in relation to Principal Investee Companies

During the period under review, we voted FOR all resolutions put to a meeting, other than one (see below), having obtained sufficient amendments or explanations to those resolutions of most significance.

In the case of one company, we voted AGAINST three resolutions concerning the re-appointment of the non-executive chairman and for the directors to disapply pre-emption rights when issuing 5% new shares for cash and 5% new shares for cash to be used on an acquisition. Our voting represented a protest vote for lack of strategic progression at the company alongside a relatively lazy balance sheet holding excess cash. We subsequently exited our entire position.

#### Most significant votes cast on resolutions considered in the period

The most significant resolutions we considered during the period were as follows:

- All companies – standing authorities for the disapplication of pre-emption rights on issue of new shares for cash (AGMs). We consider all resolutions related to this matter as significant and, other than in exceptional situations, we do not expect companies to seek more than a standing 10% disapplication at AGM. We voted FOR all such AGM resolutions.
- Two company resolutions for the issue of shares in connection with acquisitions and approval of those acquisitions (General Meetings). We voted FOR the associated resolutions, which included the disapplication of pre-emption rights ahead of our normal expectations. Formal market soundings ahead of the planned acquisition announcement allowed us to consider all aspects of the deals before voting.

- One resolution for an authority to issue new shares (AGM). We considered the company's proposals for a relatively high authority to issue new shares and dis-apply pre-emption rights, at c94% of issued shares. A new investor, and business partner, wanted to invest in the company by way of a subscription significantly improving the company's balance sheet position and trading prospects. Taking into account the specific circumstances of the request and a good dialogue with management, we voted FOR the associated resolutions in this case.

#### **Our use of proxy advisers to guide our voting behaviour**

We consider each company resolution on its individual merits when deciding how to vote the shares taking into account our own views and generally accepted market practice.

Kestrel did not make use of proxy advisers during the period. We keep the future use of proxy advisers under review.