

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

### Period 1 April 2022 – 31 March 2023

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	Resolutions where we voted AGAINST	Resolutions where we WITHELD our vote
Annual General Meetings	15	15	160	160	2	0
General Meetings	4	4	9	9	0	0
	19	19	169	169	2	0

#### 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 two (see below), having obtained sufficient amendments or explanations to those resolutions of most significance.

In the case of one company, we voted AGAINST two resolutions concerning the disapplication of pre-emption rights when issuing 5% new shares for cash and 5% new shares for cash to be used on an acquisition. We communicated our position to the company ahead of the vote having taken on an “against” stance because we could see no strategic reasons for the company needing access to the proposed rights. We also communicated our views that the dividend should be increased. The pre-emption resolution was passed despite our vote against and the dividend remained as planned by the company. We will continue to pressure the company for change.

In the case of one company, we communicated our views ahead of the notice of meeting that an existing open-ended disapplication of pre-emption rights should be reduced to 5% and 5%, which the company agreed to amend and we then voted in favour of. The resolution was passed.

In the case of another company, we decided to hold back from following through with our pre-communicated stance of voting against two board positions (to effect improved governance through change) because of exceptional circumstances prevailing at the time of the vote. We will keep this issue under review for the next period.

### **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 5% and 5% disapplication at AGM. We voted FOR all such AGM resolutions other than for two resolutions (at the same company) as set out above which deemed unnecessary. We note the pre-emption group’s recent support for 10% and 10% levels of disapplication of pre-emption rights, which we do not agree with and will be discussing with companies in the next period.
- Two companies sought shareholder approval for the return of capital to shareholders via a tender offer (General Meetings). We voted FOR the associated resolutions. We hold non-executive positions at both companies and were therefore party to the decision to put the resolutions to a vote.
- One company sought approval to effect ‘whitewash’ proposals alongside their debt conversion to equity (General Meeting). Taking into account the specific circumstances of the request and a good dialogue with management through a formal advance market soundings procedure, we voted FOR the associated resolutions.
- One company sought support to approve a “scheme of arrangement” in connection with a takeover approach (General Meeting). Taking into account the specific circumstances of the request and a good dialogue with management through a formal advance market soundings procedure, we voted FOR the associated resolutions.

### **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 advisors during the period. We keep the future use of proxy advisors under review.