Responsible Investment Report N°21

July 2026
taml.co.uk

Behind the Vote

"We cannot be mere consumers of good governance, we must be participants; we must be co-creators."
– Rohini Nilekani, Philanthropist

With another proxy season drawn to a close, Troy's Investment Team has voted 1,223 ballot items across 69 company meetings year to date. Proxy voting remains one of the most direct expressions of active ownership available to us as public market investors. We have voted 100% of our shares at every meeting since 2017.

Most of what reaches the ballot at company Annual General Meetings (AGMs) is routine, from director re-elections to auditor ratifications. On these, we aim to hold companies to high standards of governance including advocating for independent boards, a separation of the CEO and chair roles, auditor tenure that does not exceed 20 years, and remuneration policies that reward operational outperformance.

Every so often, an AGM ballot item can be less clear-cut. It is in these instances that our approach is most revealing. This quarter, we share some examples of how we navigate more complex voting decisions and what the deliberation behind such votes looks like in practice.

Our voting process

Troy has developed a voting process to apply our governance principles consistently across the dozens of company meetings we vote at every year. Working with our proxy adviser ISS, we have developed a bespoke voting framework that reflects our own views of good governance. Our Voting Policy and General Voting Guidelines provide a framework that ensures the same governance issues are treated consistently, whether a company is listed in London, New York, Paris or Tokyo.

Ahead of each meeting, ISS provides a recommendation mapped to our policy, which is reviewed by a member of the investment team. Where our view differs from the recommendation, we include the rationale in an AGM note explaining why the alternative outcome better serves the interests of long-term shareholders. Voting rationale is then shared with the relevant Fund Managers, who review and approve the final decision. Importantly, those responsible for voting are also those responsible for investment decisions. We believe stewardship is strongest when voting, engagement and investment judgement sit together.

Visa's bonus award

We believe executive pay should reward long-term outperformance. We may vote against remuneration proposals where pay is insufficiently linked to performance, incentives lack transparency, targets are not appropriately stretching, or excessive discretion weakens accountability.

Visa is an example of a company whose executive pay increase over the year outpaced underlying operational performance. The short-term incentive (STI), which is a performance-based cash bonus within the CEO's pay package, rose by 20%. The share price also rose during the review period and on a simple reading, CEO pay and a rising stock look aligned.

However, Visa's STI is not meant to track the company's share price, which moves on factors well beyond a CEO's sphere of influence. The award is explicitly tied to operational metrics that sit within management's control.

The performance metrics that underpin Visa's bonus award, including revenue, net income, and payments transaction growth, showed no comparable acceleration that would justify such an increase in pay. Further investigation revealed broader concerns with Visa's remuneration policy. The policy provides insufficient disclosure and relies too heavily on the Board's discretion, reducing transparency and accountability to shareholders. Together, these features weaken the link between pay and performance. We therefore voted against the remuneration policy at Visa's AGM.

Following the vote, we took our concerns directly to the company, meeting Visa's Shareholder Engagement team and representatives from the Compensation and Benefits group. We explained that we avoid opposing pay packages merely on quantum and are supportive of competitive packages that attract and retain strong leaders. Our concern relates to the weakening link between what management was paid and what was demonstrably delivered. Visa welcomed the discussion and took note of our feedback.

Alphabet on AI

Artificial Intelligence (AI) presents Alphabet with one of its greatest commercial opportunities, but also one of its most significant governance challenges. As long-term shareholders, we believe investors need sufficient disclosure to assess whether Alphabet's governance and risk controls are evolving as quickly as the technology itself.

This AGM season, we supported two shareholder proposals addressing two of the most important AI risks today: the integrity and reliability of AI-generated outputs, and the source of the data used to train models.

The first proposal Troy supported requested an independent, third-party assessment of Alphabet's strategies to detect and mitigate AI-generated misinformation. AI remains prone to hallucinations and factual error, and the tools to produce convincing deepfakes[1] are improving as fast as the tools to catch them. While management's existing AI Principles and internal responsible-AI reporting outline the company's current policies, they do not explain how safeguards will hold up against rapidly advancing, next-generation AI tools, nor do they provide shareholders with an independent assessment of whether those controls remain effective.

Google's Gemini AI model is a commercial success and Google's credibility in Search increasingly rests on the trustworthiness of AI-generated content. An independent audit would therefore provide shareholders with assurance that the company's governance is strong and keeping pace with rapid technological advances.

The second proposal we supported concerns the underlying data on which Gemini is trained. The proposal asked Alphabet to report on the risks of using improperly sourced or unlicensed training material such as personal user information or copyrighted work, and how the company guards against their use.

Alphabet is currently defending a consolidated lawsuit, brought by authors and illustrators, alleging the unauthorised scraping of copyrighted books to train Gemini. On the privacy front, Alphabet also faces a proposed class-action lawsuit alleging that the company enabled Gemini to scan and analyse user communications across Gmail, Chat and Meet without user consent. These legal challenges represent live regulatory and financial risks. Greater transparency around the provenance of training data and the controls to ensure only legally sourced data is used would allow investors to better assess the legal and reputational risks facing Gemini.

Importantly, neither of these votes are against Alphabet's AI strategy. Rather, they are about enhanced disclosures and better risk management, because the safety and credibility of Alphabet's AI models will determine whether they create lasting shareholder value.

1 Deepfakes are hyper-realistic, AI-generated synthetic media, such as video, audio, or images that realistically manipulate a person's likeness to depict them saying or doing something that never occurred.

Unilever foods spin-out

Not every important decision comes before shareholders for approval. Where there is no direct vote on a significant strategic decision, the re-election of directors can provide a meaningful mechanism for shareholders to express their views about board oversight. This was the case at Unilever's AGM. We voted against the re-election of Chair, Ian Meakins, to register our concerns over the proposed separation of Unilever's Foods business through a transaction with McCormick, the US food ingredients and seasonings company.

Conceptually, we support Unilever's strategy of simplifying the portfolio and believe the remaining business – focussed on beauty, personal and household care products – should result in a higher-quality and faster-growing entity. Our concern lies with the structure of the transaction and how value might be realised for existing shareholders.

While the transaction was announced at an attractive headline valuation, much of that consideration is in shares rather than cash, meaning the ultimate value realised will depend on the future performance of the combined company. Existing Unilever shareholders are also on both sides of the transaction through their equity in the enlarged McCormick company, so an apparently attractive valuation for the seller is also the price paid by shareholders as buyers. The headline multiple is therefore less meaningful in creating value for existing shareholders than it first appears.

We are also concerned that the new Foods business will be highly indebted while maintaining a relatively high dividend payout, increasing execution risk at a time when management must integrate a business that is approximately three times McCormick's previous size.

Although we disagree with aspects of the transaction, we continue to engage constructively with the Board. In this instance, voting against Unilever's Chair provided a way to communicate our concerns where no direct shareholder vote on the transaction itself was available.

Active ownership

We invest in businesses we believe are already well managed, so voting against management should be the exception rather than the rule. However, where governance falls short, or a shareholder proposal addresses a material issue affecting long-term value, we are prepared to use our vote to express our views and shape outcomes.

Proxy voting is one of the most visable ways we exercise our stewardship responsibilities as long-term owners on behalf of our investors, but it is not the only form of stewardship. Engagement and dialogue with boards and management teams continue throughout the year, with our votes often forming part of an ongoing conversation rather than a final verdict. Our continued recognition as a signatory to the 2026 UK Stewardship Code reflects that active ownership is embedded in our investment process, and is not only confined to proxy season.

Sian-Azilis Evans
Investment Analyst

Responsible Investment at Troy

UK STEWARDSHIP CODE

Signatory of:

PRI Principles for Responsible Investment

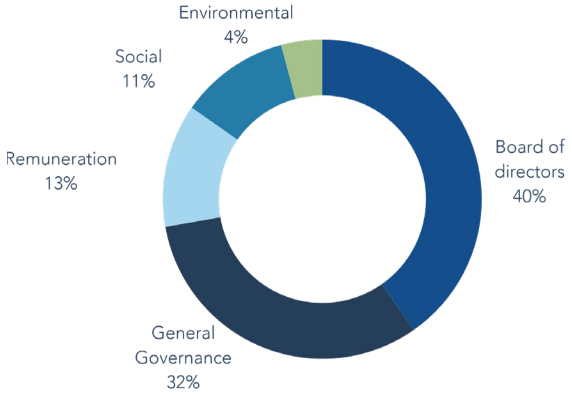
Net Zero Asset Managers Initiative

Voting

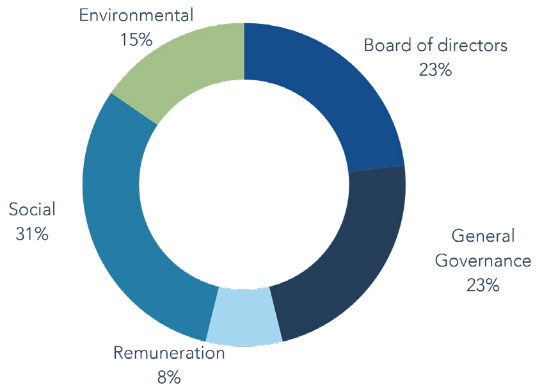
	2025	2026
Meetings Held	89	69
Meetings voted	100%	100%
Meetings with at least 1 vote Against Management*	35%	38%
Management Resolutions		
Total management resolutions	1,574	1,175
Votes against management resolutions*	3%	4%
Votes against ISS recommendations	5%	5%
Shareholder Resolutions		
Total shareholder resolutions	55	48
Votes in favour of shareholder resolutions	26%	27%
Votes against ISS recommendations	0%	35%

Source: ISS. *This may include abstentions.

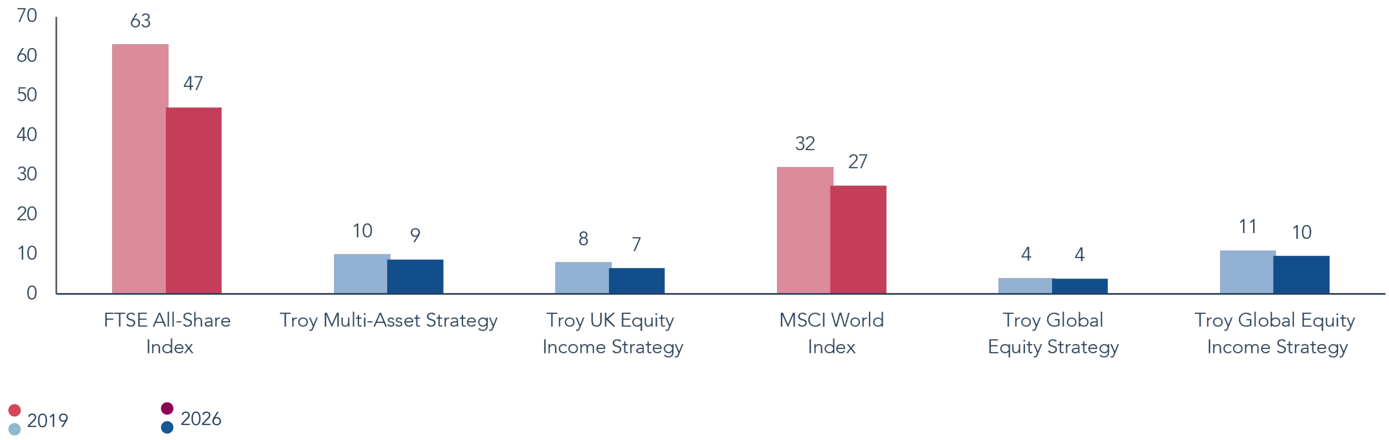
VOTES IN FAVOUR OF SHAREHOLDER RESOLUTIONS – 2026



VOTES AGAINST MANAGEMENT RECOMMENDATIONS - 2026 (BOTH MANAGEMENT AND SHAREHOLDER RESOLUTIONS)



Portfolio Carbon Footprint (Tons CO2e / $M Invested)*



*Carbon footprint and financed emissions are calculated using an EVIC (Enterprise Value Including Cash) attribution factor.
Source: MSCI ESG Manager, portfolio holdings as at 30 June 2026. Asset Allocation subject to change. The information provided is based on calculations relating to corporate securities only. Where the fund holds other asset classes, such as cash or government bonds, these are excluded from the portfolio. The information shown relates to a mandate which is representative of, and has been managed in accordance with, the relevant Troy Strategy. Past performance is not a guide to future performance. All references to benchmarks are for comparative purposes only.

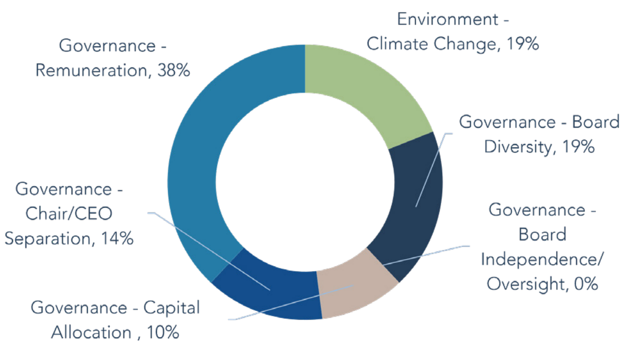
Current Alignment of our Holdings with Net Zero by 2050

Source: MSCI ESG Manager

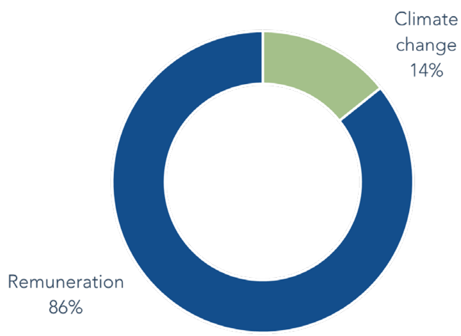
Troy has categorised all equity holdings along an alignment maturity scale in accordance with the Institutional Investors Group on Climate Change's (IIGCC) Net Zero Investment Framework methodology. This reflects our commitment under the Net Zero Asset Managers initiative to ensure our investments are on track to meet global ambitions of net zero emissions by 2050 or sooner. We currently have engagements underway with all holdings deemed 'not aligning', our goal is to move all holdings along the climate maturity scale with the ultimate objective of achieving net zero. For further information please see Troy's Climate Change Mitigation Policy.[2]

Engagements

ONGOING - 21 ENGAGEMENTS WITH 17 COMPANIES



2026 - 1 ENGAGEMENT WITH 1 COMPANY



Source: Troy Asset Management, 30 June 2026. [2]This policy outlines the consideration of climate risk in our investment decision-making process for mandates which meet the criteria under Article 8 of the European Union's Sustainable Finance Disclosure Regulation

Disclaimer

Further information relating to how ESG integration is applied to the fund can be found in the fund prospectus and investor disclosure document. For further information relating to Troy's approach to company voting and engagement, please see Troy's Responsible Investment and Stewardship Policy available at www.taml.co.uk.

Please refer to Troy's Glossary of Investment terms here. The document has been provided for information purposes only. Neither the views nor the information contained within this document constitute investment advice or an offer to invest or to provide discretionary investment management services and should not be used as the basis of any investment decision. The document does not have regard to the investment objectives, financial situation or particular needs of any particular person. Although Troy Asset Management Limited considers the information included in this document to be reliable, no warranty is given as to its accuracy or completeness. The views expressed reflect the views of Troy Asset Management Limited at the date of this document; however, the views are not guarantees, should not be relied upon and may be subject to change without notice. No warranty is given as to the accuracy or completeness of the information included or provided by a third party in this document. Third party data may belong to a third party.

Performance data provided is either calculated as net or gross of fees as specified in the relevant slide. Fees will have the effect of reducing performance. Past performance is not a guide to future performance. This presentation may also contain forward-looking statements that are based on current expectations, estimates, forecasts, and projections. These statements are not guarantees of future performance and involve certain risks and uncertainties which are difficult to predict. All references to benchmarks are for comparative purposes only. Overseas investments may be affected by movements in currency exchange rates. The value of an investment and any income from it may fall as well as rise and investors may get back less than they invested. Neither the views nor the information contained within this document constitute investment advice or an offer to invest or to provide discretionary investment management services and should not be used as the basis of any investment decision. There is no guarantee that the strategy will achieve its objective. The investment policy and process may not be suitable for all investors. If you are in any doubt about whether investment policy and process is suitable for you, please contact a professional adviser. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities.

Although Troy's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

All reference to FTSE indices or data used in this presentation is © FTSE International Limited ("FTSE") 2026. 'FTSE ®' is a trademark of the London Stock Exchange Group companies and is used by FTSE under licence.

Issued by Troy Asset Management Limited (registered in England & Wales No. 3930846). Registered office: 33 Davies Street, London W1K 4BP. Authorised and regulated by the Financial Conduct Authority (FRN: 195764) and registered with the U.S. Securities and Exchange Commission ("SEC") as an Investment Adviser (CRD: 319174). Registration with the SEC does not imply a certain level of skill or training.