



HIGHCLERE

INTERNATIONAL INVESTORS

Engagement Policy

Engagement constitutes an important part of our investment process. We use it to improve our understanding of a company so that we can better assess its true investment profile. We also engage in order to promote sound governance so that the long-term value of our investments are enhanced.

When we engage with a company we are committed to making sure that doing so is in the best interests of both the company and our clients. We recognise that for best results our requests must be specific and achievable within a timeframe.

To measure progress we look for tangible enhancements to a company's ESG activities, which are typically visible through improvements in their net environmental impact, social responsibility and management and transparency of governance issues.

Engagement Process

We always talk to management at least once (usually more often) before making an investment to gain a greater understanding of how well the business is managed and whether we have confidence that they will be able to deliver sustainable growth and profitability. Once invested, we monitor the position and if any material concerns arise, then we will voice our concerns with management.

We expect a company to listen to our comments and respond to them, or at least explain why action has not been taken. If we feel material issues are not resolved satisfactorily, then we will reiterate why we believe our requests are reasonable, achievable and valuable to the company. If there is still no progress then this will be factored into our conviction level. To escalate we may vote against the relevant directors or board members. We may also reduce our exposure, and in extreme cases, exit the position completely.

Collaboration

We typically do not take part in collaborative engagements as we generally prefer to act independently on issues rather than adopting a 'public pressure group' approach. However, we recognise the potential benefit of collaboration and will participate in them when we believe that acting in such a way would serve the best interests of our clients.

From time to time we are approached by activist shareholders who want to discuss potential issues within our portfolio companies. We will consider their points of view and choose whether or not to engage with them on a case by case basis. However, similar to our stance on collaborative engagements, we generally prefer to engage independently. We are 'active', but not 'activist' investors.