

Slater Investments Limited Engagement Policy

APRIL 2021

Contents.....	1
Introduction and Scope.....	2
Integration of Shareholder Engagement.....	2
Monitoring of Investee Companies.....	3
Dialogue with Investee Companies and Other Stakeholders.....	4
Exercising of Voting Rights	6
Shareholder Cooperation.....	7
Conflicts of Interest.....	7
Reporting and Disclosure.....	8

Introduction and Scope

We are committed to providing transparency into how we conduct investment stewardship activities in support of long-term sustainable performance for our investors. Each year we prioritize our work around engagement themes that we believe will encourage sound governance practices and deliver the best long-term financial performance for our investors.

Slater Investments Limited (“SIL”) is a strong supporter of the principles that are set out in the UK Stewardship Code (“the Code”). We believe that the Code is designed to promote better dialogue between shareholders and company boards, as it ensures businesses are set to create long-term shareholder value. SIL fully complies with the principles of the Code as set out here: <https://www.slaterinvestments.com/wp-content/uploads/2021/04/Slater-Investments-Limited-2020-Stewardship-Report.pdf>.

We engage with companies both proactively and reactively, depending on the circumstance. We endeavour to respond to as many issues as we can; but on occasion must prioritise either by the size of holding or the severity of our concerns. In general, we focus on those companies where we have a significant shareholding as we believe it is here that we can add most value.

Although such discussions can vary widely by company and sector, our engagements tend to fall into three broad categories:

- **Strategic engagements** are meetings in which we learn about a company’s long term strategy. These enable us to understand the board’s approach to overseeing and aligning governance practices with the company’s long-term goals.
- **Event-driven engagements** focus on specific ballot items—often contentious—or a leadership change or company crisis. In these instances, such as a proxy contest, we want to hear all relevant perspectives before we vote.
- **Topic-driven engagements** are held to discuss matters that we believe can materially affect companies’ long-term values. These discussions are usually conducted with companies that we believe have a record of underperformance and/or gaps in corporate governance practices.

This policy sets out how we meet the requirements of the Shareholder Rights Directive and its scope covers all funds and portfolios managed by SIL.

Integration of Shareholder Engagement

Stewardship activities, such as monitoring and engaging with investee companies, voting at shareholder meetings and reporting to clients, are undertaken by our Investment Committee and the Environmental, Social, and Governance (“ESG”) team. To ensure an integrated approach, regular investment meetings are held with investee companies (and meetings with potential investee companies), with representation from each team. The initial investment decision to buy shares in a company is likely to include, but not limited to, reviewing a company’s published materials, brokers’ research, and lastly, meeting with management. The groundwork that goes in at the start of the investment process, and the relationships with company management that are formed, creates the base from which our stewardship activities

build. We seek to fully understand our investments' businesses, their opportunities and their risks. We then monitor a company and continue open and purposeful dialogue throughout our holding period; this is outlined in further detail in the section below. SIL will proactively engage on any issue which may potentially affect a company's ability to deliver long-term sustainable performance and value. In most cases, when companies consistently fail to surpass our expectations, we will actively promote changes. These might range from the formulation of a new strategy to the appointment of new directors. Further details are given below and can be found on our website and the Stewardship Code document. A summary of engagement activity is available upon request by contacting: ESG@slaterinvestments.com.

Monitoring of Investee Companies

A clear articulation of corporate strategy and capital allocation provide a clear sense of the direction a company intends to take. Regular and proactive monitoring, including open and purposeful dialogue with investee companies, enables us to determine whether the board is fulfilling its mandate to shareholders and, ultimately, whether an investment remains appropriate.

The Investment Team monitors the share price of all investee companies daily. In addition, the team monitors all market announcements including daily market news, Annual Reports, other circulars and general meeting resolutions. The team's research methodology focuses mainly on the following areas: price momentum, value and long-term growth and positive news flow. The results of this monitoring process are brought to the attention of the Investment Committee allowing discussion of any corporate governance issues that may arise.

Prior to investing in a new company, the Investment Team meets with management of the company. As a minimum, the Team additionally meets with management and/or the Investor Relations department of larger companies following company results. A record of all interactions with companies is maintained.

The monitoring process also may include:

- Engaging in specific discussions with companies on material topics, including: strategy, performance and non-financial matters (such as environmental, social and corporate governance factors; capital structures; board performance and understanding how boards are fulfilling their responsibilities; succession planning; remuneration; and culture); or
- Meetings with remuneration committee chairman (in particular where the company is reviewing its remuneration policy, or prior to general meetings where sensitive or contentious resolutions are being put to shareholders to vote on); or
- Corresponding with the company board (non-executive directors) in instances where issues have been raised with management, but where progress on these issues is inadequate.

To ensure success over the long-term, company boards must consistently maintain satisfactory standards expected of them by customers, shareholders and the reasonable expectations of employees, as well as acting responsibly towards society as a whole. We expect the boards of our investee companies to comply with the Code, or its equivalent in the relevant jurisdiction, and with the spirit of them too. It is incumbent on a company to explain the rationale for diverging from the Code's (or its equivalent) principles and, subject to this explanation, we

will determine the appropriateness of the divergence on a case-by-case basis. On occasion, we may support resolutions that are not compliant with the appropriate code, which we believe are the right course. An explanation of the rationale of our thought process will be provided in those circumstances.

Dialogue with Investee Companies and Other Stakeholders

SIL seeks close dialogue with its investee companies. On a case-by-case basis, discussions take place on price sensitive matters such as transactions, capital raisings, takeovers and changes in management. The point of contact is always the Fund Manager, who will then share with only those deemed necessary at SIL. We always require a clear idea of when we will be released from being insiders and when the information will be made public.

Appropriate procedures are in place to manage such information, including a register of all inside information (maintained independently by SIL's compliance department). SIL will engage on any issue that may potentially affect a company's ability to deliver long-term sustainable performance and value to our clients. Issues may include, but are not limited to:

- Business strategy
- Performance
- Financing and capital allocation
- Governance
- Risk
- Management and employees
- Acquisitions and disposals
- Operations
- Internal controls
- Membership and organisation of governing structures and committees
- Sustainability
- Remuneration policy, structures and outcomes
- Culture
- Environmental and social responsibility
- Quality of disclosure

The approach taken by the Investment Committee and ESG team will be issue-specific. Methods of engagement include, but are not limited to:

- Increased frequency of meetings with the company's management team
- Discussions with the company's corporate advisers
- Meetings with chairman or senior non-executive director
- Proposing solutions to the issue or as a last resort proposing changes to the board members
- Voting against board proposals at the annual general meetings
- Requisitioning an emergency general meeting and seeking support from other shareholders
- Making public statements should we believe that it is necessary to protect interest and value for other clients

Wherever possible, we seek to achieve our objectives by agreement and in a confidential manner. However, we are prepared to publicise issues by taking them to the national press, or engage in a social media campaign or support the requisition of a meeting, or requisition a meeting ourselves, to enable shareholders as a whole to vote on matters in dispute.

The prioritisation of SIL's resources is based on a range of factors, including the materiality of an issue and the size of SIL's holding. Our focus will be on issues that are likely to be material to the value of the company's shares. As a general rule, where SIL's holding is a small fraction of the company's total capital, or a small fraction by value of a fund or portfolio, there will be proportionately less resource applied to engagement (reflecting the reality that SIL's influence is less significant).

We would always seek to discuss any contentious issues before casting our vote, in order to ensure that our objectives are understood. We monitor progress of engagements against identified objectives on a periodic basis. To SIL, confrontation with boards at shareholder meetings represents a failure of corporate governance.

Escalation is normally conducted by the Investment Team, and may involve meeting with the company's Chairman and/or senior independent director, the executive team, other shareholders and/or company advisers. Focused intervention will generally begin with a process of enhancing our understanding of the company's position and communicating our position to the company. This might include initiating discussions with the Chairman and/or the company's advisers. We may also speak to senior independent directors or other non-executive directors and other shareholders. The extent to which we might expect change will vary, depending on the nature of the issue. In any event, we expect companies to respond to our enquiries directly and in a timely manner.

SIL also regularly engages with other stakeholders including trade bodies, policymakers and Non-Governmental Organisations ("NGO") such as the Financial Conduct Authority ("FCA"), Financial Reporting Council ("FRC"), The Investment Association, Task Force on Climate-related Financial Disclosures ("TCFD") et al. These interactions follow the same procedure and use many of the same methods as our interactions with companies. As such they are logged

and tracked by the ESG team. We may engage with policy makers or NGOs for a variety of reasons, for instance to increase our understanding or to influence and feed into the legislative landscape as a responsible investor.

Exercise of Voting Rights

Generally, SIL has a policy to vote by proxy at all general and extraordinary meetings of companies where it is invested. Where the matter is particularly contentious, SIL's representative may be present. We do not delegate voting to any third party as we believe blindly following the recommendations of third party voting agencies represents lazy engagement and stewardship.

The matters to be voted on are assessed internally for each meeting. There may be times when SIL will vote against resolutions.

SIL will usually vote in favour of company management except in cases where we feel that a company is not acting in the best interests of its shareholders. In these cases, SIL will vote against resolutions.

SIL does not support Director's service contracts longer than one year. Non-Executive Directors' service contracts should be terminated with no more than one month's notice.

SIL will only offer support to Non-Executive Directors ("NEDs") who hold a maximum of three NED positions. In the case of a NED holding an Executive level position, the maximum reduces to two. SIL will vote against any resolution to appoint a Non-Executive Director who holds a number of positions above this maximum.

SIL encourages executive remuneration policies that align directors' and shareholders' interests. We pay particular attention to schemes that create excessive equity dilution.

We believe that remuneration reporting has run wild and needs to be hacked back to its essentials. A shorter report will be more easily understood, more transparent and will hopefully leave less scope for multiple, overlapping schemes. Therefore, SIL will vote against remuneration reports which are longer than two pages.

SIL will vote against any new scheme involving nil cost options.

SIL reserve the right to vote against unresponsive members of remuneration committees being re-elected to the board.

SIL pays particular attention to acquisitions and disposals. We are prepared to vote against value destructive acquisitions or disposals if necessary.

SIL does not support the funding of political parties or organisations.

SIL, as a rule, votes against the disapplication of pre-emptive rights. However, we are prepared to support it should we can see a logical reason for it.

There are times when engagement with management fails and, at this stage, it would normally be SIL's policy to sell the investment. However, SIL is prepared to intervene actively by changing management either through the Chairman or the senior nonexecutive director or as a last resort by calling an Emergency General Meeting. The latter is likely to happen only in extreme cases.

We disclose our quarterly voting summary on our website, which is available in the footer section of our website: <https://www.slaterinvestments.com>. Additionally, our segregated client mandates' quarterly reports include a list of every resolution and how we have voted.

Currently no stock lending is undertaken, which means that all shares are available for voting.

We do not have specific policies for informing companies in advance of our voting intentions but will do so if we feel this is the best action to undertake.

Shareholder cooperation

SIL is willing to act collectively with other UK and overseas investors where it is in the interests of our clients to do so. We endeavour to maintain good relationships with other institutional investors and support collaborative engagements organised by representative bodies (SIL is a member of the Investment Association) and others. A range of factors are considered in deciding whether to collectively act with other shareholders including, but are not limited to:

- Whether we can be more effective in our engagement unilaterally or collectively
- The extent to which the objectives of other investors are aligned with our own, and
- The potential sensitivity of the issue and the extent to which conversations with the company are confidential

Conflicts of Interest

It is a fundamental requirement for a financial services firm such as SIL to act in the best interests of its clients and/or its beneficiaries, and to identify and manage conflicts of interest. This is central to our duty of care. Accordingly, it is important for our clients to know that SIL will take appropriate steps to identify conflicts, manage them effectively and treat our clients fairly.

SIL has established a Conflicts of Interest Policy to manage any actual and potential conflicts of interest relating to our advocacy, engagement or voting activities on behalf of the funds. This is available in the footer section of our website: <https://www.slaterinvestments.com>.

SIL staff are required to complete annual mandatory conflicts of interest training to ensure they understand all conflicts of interest that arise by virtue of the roles they perform. Staff members

are aware of the process for identifying and reporting conflicts so that they can be managed in an appropriate manner.

In identifying the conflicts of interest that may arise when providing services to our clients, SIL will take into account the following:

- Whether SIL is likely to make a financial gain, or avoid a financial loss, at a client's expense (firm versus client conflict)
- Whether a client is disadvantaged or makes a loss when an employee or other person connected to SIL makes a gain (individual versus client conflict)
- Whether a client makes a gain or avoids a loss where another client makes a loss or is disadvantaged (client versus client conflict)
- Whether SIL, an employee or a fund or portfolio benefits at the expense of another (intra group conflict)

Any conflicts that arise from personal activities of employees (for example, outside appointments, involvement in public affairs, personal political donations and personal investments) are also closely monitored and managed.

On occasion, we may encounter conflicts of interest related to our stewardship activities. It is incumbent on all investment professionals and members of the Risk and Compliance Committee to identify and manage such conflicts, in line with the SIL Conflicts of Interest Policy. In all such instances, our objective is to ensure that these conflicts are identified and managed appropriately, to ensure our clients' best interests are served.

Reporting and Disclosure

SIL regularly reports on its activities through annual reports, semi-annual updates, and the Principles for Responsible Investment's Annual Transparency Report. Quarterly voting records are available in the footer section of our website: <https://www.slaterinvestments.com>.