



## **Engagement Policy**

### **April 2025**

Acting as stewards of the businesses we invest in on behalf of our clients is a core tenet of Chawton Global Investors' philosophy. The aim of this policy is to provide a framework that regulates the manner in which members of the firm engage with management upon identifying Material Sustainability Risks faced by investee companies.

### **Identifying Material Sustainability Risks & Critical Factors**

Members of the Investment Team are responsible for continuously monitoring investee companies to identify Material Sustainability Risks in line with the framework provided by our internal sustainability monitoring template, which has been designed in such a way as to ensure compliance with the principles contained in the 2020 UK Stewardship Code. Determining materiality requires a thorough understanding of internal sustainability challenges faced by the company, as well as the challenges faced by the industry in which it operates. In the process of identifying Material Sustainability Risks, the following shall be taken into account:

1. The company's progress in meeting its internal sustainability goals;
2. Whether appropriate incentivizing structures exist to steer management towards attaining such goals;
3. How it fares in relation to their comparator group in terms of sustainability, and
4. Whether any key sustainability challenges exist which have not been addressed internally.

The extent to which current strategies mitigate identified Material Sustainability Risks shall be monitored. As a result of this research, members of the Investment Team identify the four or five critical factors which determine the risk that the company will fail to continue to compound returns as the firm has anticipated. Critical factors shall be subject to enhanced monitoring and shall form the basis of the firm's engagement efforts.

### **Engaging with Investee Companies**

The firm defines engagement as proactive interactions aimed at accomplishing a specific objective with an investee company. Engagement efforts may be undertaken either individually or in collaboration with other stakeholders. Engagement efforts must be directed at the most appropriate individual or corporate body within a company. Matters that must be taken in consideration when making such a determination include whether the individual or corporate body is able to materially influence management to thoughtfully consider the firm's concerns and to explore the potentiality implementing changes suggested by the firm. Further, in selecting the appropriate corporate body or individual to whom engagement efforts will be

directed, members of the investment team must pay particular regard to the firm's conflict of interest policy's guidelines applicable in a stewardship context.

### **Prioritizing Engagement & Setting Objectives**

The Investment Team shall make all reasonable attempts to engage with portfolio companies. Engagement efforts shall be prioritized at the discretion of the Investment Team. In deciding whether to prioritize engagement, the Investment Team shall have regard to the level of risk posed to a company by critical factor(s), to the size of that holding relative to total AUM as well as to the company's ability to meet with the Investment Team. The prioritization criteria do not apply when escalating engagement efforts. Unless unsuccessful, all engagement efforts shall be escalated. Prior to engaging, the Investment Team shall set well-informed and precise objectives that it wishes to attain as a result of its engagement efforts.

### **Methods of Engagement**

It is the responsibility of the Investment Team to select the most appropriate engagement method in each situation. Engagement methods include:

- Writing letters to a company to raise concerns;
- Holding meetings with junior & senior management;
- Meeting the chair or other board members; or
- Raising key concerns through a company's advisors.

### **Escalating our Engagement Efforts**

Should investee companies refuse to take any action in response to our concerns, members of the Investment Team will seek to escalate their engagement efforts. Escalation is defined as a further engagement attempt in circumstances where the objective of the initial engagement effort has not been achieved. The firm's concerns must at this stage be relayed at a higher authority or committee within the company which is directly responsible for implementing the changes requested by the firm. Escalation efforts may be made individually or in conjunction with other investors as part of a collaborative engagement.

### **Recording our progress**

The firm's internal research tools enable the Investment Team to record progress made in their engagement efforts. For each engagement process, the objective, medium of engagement, escalation efforts and final results are recorded using internal tools.

### **The Interaction between Engagement and Voting**

The firm actively participates in Annual General Meetings on behalf of its clients in line with its voting policy, which is presented below:

- After a company's critical factors have been identified, the Investment Team examines whether proposals presented in a company's Annual General Meeting (AGM) relate to identified critical factors. In the absence of proposals which directly relate to identified critical factors, the Investment Team identifies proposals most closely related to such identified critical factors. As an example, if a company's executive remuneration structure is regarded as a critical factor, and no proposal is put forth in that company's AGM which enables shareholders to vote to approve the company's remuneration policy, the Investment Team may identify a proposal to re-elect member(s) of the executive team as a proposal which is most closely related to the critical factor.

- The firm engages with the company to ascertain the extent to which in the company's opinion current business strategies and governance structures enable the company to adequately address risks posed by such critical factors, and, if necessary, proposes changes which would enable the company to better address such risks.
- If, as a result of engagement efforts, the firm is satisfied that risks are adequately addressed, the firm votes in line with management recommendations on proposals which most closely relate to identified critical factors.
- If, as a result of initial engagement efforts, the firm is not satisfied that risks are adequately addressed, but the company undertakes to consider implementing changes proposed by the firm, the firm will abstain from voting on proposals which most closely relate to identified critical factors.
- If the company does not implement proposed changes, or if it does not otherwise provide a satisfactory explanation as to why proposed changes are necessary, or, alternatively, if responses provided do not serve to alleviate the firm's concerns, the firm votes against relevant proposals during the next Annual General Meeting and escalates engagement efforts. This process is repeated until the firm's engagement efforts are completed.
- If engagement efforts are ultimately unsuccessful, either because objectives related to such efforts are not achieved, or if the company does not respond to engagement requests, the firm votes against proposals relevant to identified critical factors.
- If the firm identifies proposals relevant to critical factors but is not able to engage with a company in the current reporting cycle, the firm abstains from voting on proposals relevant to critical factors during the current reporting cycle and maintains its position until it is able to engage with said company.
- The firm votes in line with management recommendations in relation to all other proposals provided that doing so would be in the best interest of the Fund's clients.
- The approval of proposals presented in general meetings seeking authorisation to make political donations is not considered to be in the best interests of the Fund's clients.

- The firm engages with the company to ascertain the extent to which in the company's opinion current business strategies and governance structures enable to company to adequately address risks posed by such critical factors, and, if necessary, proposes changes which would enable the company to better address such risks.