



GuardCap Asset Management Limited

Registered office: 11 Charles II Street, London SW1Y 4NS

Tel: +44 20 7907 2400

Fax: +44 20 7907 2420

Email: info@guardiancapital.co.uk

GuardCap Asset Management – Responsible investing - ESG Policy Statement

Summary

Long term thinking underlies everything we do. We believe that in order for companies to grow sustainably over the long term (which is core to our investment process), they need adequate structures in place to harness the opportunities and/or avoid the risks of material Environmental, Social and Governance (ESG) related developments. As we invest in both developed and emerging markets, we acknowledge that the importance of ESG factors will vary by country, industry and company, but an analysis of ESG issues forms a key part of every investment decision. Our investment teams are committed to active engagement with companies where appropriate and to careful analysis of proxy voting.

Overview

GuardCap Asset Management Limited (“GuardCap”) is a specialist London-based investment boutique, managing concentrated, long-only, global and global emerging market equity strategies. GuardCap is a signatory of the UN Principles for Responsible Investment (UN PRI). As such, it is committed to upholding the six principles of the UN PRI, which are set out here. <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>. GuardCap’s approach is set out in this document.

ESG analysis and integration into GuardCap’s investment process

We believe that a comprehensive analysis of a company’s business and growth potential has to incorporate all material risks and opportunities. For long term investors, the ESG aspects can be particularly important. The analysis of ESG factors is a core part of our investment process, with a focus on whether and how these aspects will affect the long-term sustainability of the cash flows and earnings of the business.

ESG-related risks are considered from the early stages of idea generation and throughout the research process. All companies are scored on several criteria and weak performance in any of the criteria could preclude investing in the company. We consider whether any of the company’s practices or risk exposures conflict with our objective of investing in companies capable of generating long-term sustainable growth. With that in mind, we prefer companies which demonstrate good corporate governance practices in terms of management structure and remuneration, high quality reporting, ideally combined with strong environmental and social commitments. If a company’s standards and practices have material weaknesses or if it is engaged in activities which compromise its ability to grow over the long term, the company will not progress into the next stage of the investment process or indeed the portfolio.

Our investment approach steers us away from the most environmentally damaging and controversial sectors such as energy, mining, chemicals and heavy industry because companies in these sectors typically fail a number of our quality and growth criteria. In particular, these sectors display high cyclicity and do not generate the high level of sustainable returns to shareholders which we demand of our holdings.

Use of External ESG data providers

ESG issues may be considered in the light of scores from external data providers, where relevant. At the initial stage of our process, we look for “red flags” which may indicate areas of controversy surrounding the company. We will not automatically exclude a company based on external scores, but use the scores as a guide to investigate and ascertain reasons for the low score.

Engagement

GuardCap is in regular dialogue with the companies in which it is invested and with other potential investee companies. Our primary objective is to ensure that portfolios are comprised of companies which have all of the attributes that we seek and which are embedded in our key stock selection criteria. Occasionally, we identify opportunities where a company’s practices or attributes lag “best practice” in an area that we feel we can influence as investors. In such cases, we engage with the company to try persuading them to implement improvements. If successful, we believe this enables us to create additional long-term value while also taking responsibility as an asset owner to encourage companies to improve their practices.

All of GuardCap’s interactions with companies are recorded in detailed notes. GuardCap also maintains a centralised log of all engagement activities with companies. Clients may request access to this data.

Corporate Stewardship and voting

GuardCap’s Stewardship Code explicitly supports the seven principles of the UK Stewardship Code (the “Code”), which is overseen and published by the Financial Reporting Council. The link below sets out how GuardCap complies with these seven principles:

<https://www.guardcap.co.uk/media/1128/stewardship-code-disclosure-2018.pdf>

GuardCap uses Institutional Shareholder Services (ISS) to provide proxy voting information and provide recommendations of how to vote at each investee company General Meeting. However, all voting decisions are made by the investment management teams on a case-by-case basis. This is one of the benefits of managing concentrated portfolios and our collaborative process where all investment managers have detailed understanding of the companies under consideration.

The voting process is fully documented and records of voting are placed on the website of our parent company, Guardian Capital Group and can be accessed via this link

<https://www.guardiancapital.com/library?tab=4&sort=date>.

Reporting on our ESG activities

GuardCap commits to keeping records of ESG analysis and engagement activities, and making them available to clients and to the UN PRI organisation. We undertake to provide information on holdings, upon request, to clients who wish to know about situations where our opinion or conclusions differ from those of external ESG rating agencies or general media.