



GuardCap Asset Management Limited

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Introduction

GuardCap Asset Management Limited (“GuardCap”) is exclusively focused on managing concentrated, long-only, global equity and global emerging markets equity portfolios. As a fiduciary, our core objective is to achieve superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks, over the long term. An integral part of this is our commitment to investing in the highest quality companies around the world that are capable of generating long-term sustainable growth.

We define responsible investing as the integration of environmental, social and governance (ESG) considerations into investment processes and ownership practices, and believe that a company will not fulfil our objective of long term sustainable growth if it is involved in unsustainable ESG practices.

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 and vote in proxies for all holdings.

This policy outlines our approach to responsible investing and applies to both of our equity strategies.

ESG Integration

Long term thinking underlies everything we do.

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 this in mind, we invest in companies that demonstrate good corporate governance practices in terms of management structure and remuneration, high quality reporting, 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 to the next stage of the investment process.

Sectors

Our investment approach steers us away from the most environmentally damaging and controversial sectors such as energy, mining, commodity 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 cyclicality and do not generate the high level of sustainable returns to shareholders which we demand of our holdings.

Screening and Exclusions

The Investment Manager will seek to exclude direct investment in corporate issuers that are involved in the manufacture or production (subject to a specific revenue threshold*) of activities including but not limited to:

- i) Controversial weapons (to include anti-personnel landmines, cluster munitions, biological weapons and chemical weapons);
- ii) Firearms or small arms ammunition;
- iii) The extraction of fossil fuels and/or the generation of power from them; and
- iv) Tobacco products

*Specific revenue threshold applied is 5% based on a company's annual report.

Governance

GuardCap's Board, including GuardCap's Chief Investment Officer, is responsible for overseeing the integration and implementation of responsible investment across the firm.

Collaborative Organisations and Initiatives

GuardCap is a signatory of the Principles for Responsible Investment (PRI) and is aligned with the UK Stewardship Code. Details can be found at the following links: [https://www.unpri.org/pri/introduction-to-responsible-investment/what-are-the-principles-for-responsible-investment and](https://www.unpri.org/pri/introduction-to-responsible-investment/what-are-the-principles-for-responsible-investment-and) <https://www.guardcap.co.uk/media/1154/guardcap-stewardship-code-2020.pdf>

Service 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 engage third party data providers for these purposes. 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 undertakes a range of engagement activities and meets with the management of companies at regular intervals as an important component of our investment process. This allows us to challenge companies on their strategy, performance and risk, capital structure, as well as their social and environmental impacts. Our investment teams meet with companies in our pool of investible companies as part of the team's ongoing maintenance research.

Proxy Voting

We are aware of our fiduciary responsibilities to our clients and our proxy voting policy is consistent with those responsibilities. As an investment manager, we vote proxies with the objective of maximising shareholder value as a long-term investor, and ensure that reasonable care and diligence is undertaken to ensure the firm votes these proxies in the best interest of its clients and in accordance with these policies and procedures. For clients that do not want proxy voting for their account, and have indicated this in writing, it is the firm's responsibility to abstain voting proxies.

For more details, please refer to our policy at the following link:

<https://www.guardcap.co.uk/media/1158/guardcap-proxy-voting-policy.pdf>

Reporting

GuardCap commits to keeping records of ESG analysis and engagement activities, and making them available to clients and to the 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.