



**GuardCap Asset Management Limited (“GuardCap”)
ESG Engagement Policy 2021**

Introduction

GuardCap Asset Management Limited (“GuardCap”) is exclusively focused on managing two concentrated, long-only equity strategies, one in global equities and the other in emerging markets equities. Our core objective is to achieve superior returns for our clients, in excess of standard benchmarks with less risk than benchmark risk, 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.

To ensure this commitment is upheld, we encourage good governance and sustainable corporate practices in the companies in which we invest, and engagement is part of GuardCap’s active ownership approach. Our investment teams meet with investee companies on an ongoing basis as an important component of our investment processes. If a company is engaged in a practice that concerns us, we will engage with the company on the issue, seek to learn more about it and encourage positive change.

For all GuardCap strategies, we have adopted written procedures designed to ensure that we engage with investee companies on those sustainability issues that we recognise as the most material.

Definition of Engagement

The United Nations-supported Principles for Responsible Investing (PRI) define engagements as “Engagement refers to interactions between the investor and current or potential investees (which may be companies, governments, municipalities, etc.) on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure.”

We also make a distinction between ongoing meetings with companies, during which we may discuss specific E, S and G issues, and more targeted engagements designed to create value for our clients by improving corporate governance and other aspects of sustainability conduct. For targeted engagements, we follow our Engagement Framework (for details, please refer to the “Escalation” section of this document).

ESG topics for Engagement

Corporate Governance

In terms of corporate governance, we expect the companies in which we invest to uphold the highest standards, and where we feel these standards are not being upheld we may engage with the company. The corporate governance topics on which we may engage include executive remuneration, Board structure, diversity and competency, audit, shareholder rights, capital allocation, and reporting and transparency.

Social Factors

We recognise the importance of social factors to the long-term sustainable growth of our investee companies. We may therefore choose to engage on issues such as diversity and gender pay gaps, labour practices, risks and potential occurrences of modern slavery and child labour in a company's supply chain.

Environmental Considerations

We recognise that the physical and transition risks associated with climate change will have a material impact on our investee companies. As such, we try to assess the preparedness of the companies within our portfolios for the transition towards a net zero economy, and may engage with companies on issues such as target setting and reporting around their environmental impacts and goals, their plans to mitigate and adapt to climate risks, and their involvement in and alignment (or otherwise) with international climate change pledges and initiatives.

Monitoring

Our investment managers monitor investee companies on an ongoing basis to assess all aspects of their businesses, including strategy, performance and risk, capital structure as well as their social and environmental impact. This monitoring takes place on both investee companies and those in our pool of investible companies. All of our monitoring and research is conducted in-house by our investment managers. As a result of our ongoing monitoring process, we may identify potential issues for engagement and decide to engage as a result.

Identifying Candidates for Engagement

In terms of identifying candidates for engagement, our investment teams typically identify ESG issues through their own proprietary research and "Foundations for Sustainable Growth" (FSG) scoring and analysis. For example, engagement would follow if we identify any perceived negative change(s) in a company's practices or if a company appears to be falling behind in terms of innovation and development, has low FSG scores, or as the consequence of a deep-dive into a company's ESG behaviour. In terms of prioritising our efforts for engagement, we will assess, among other factors, the materiality of the issue and the likelihood of success of our engagement efforts.

Methods of Engagement

Our investment teams have face-to-face or video meetings with companies, at GuardCap's offices and at the companies' headquarters, visit their operating facilities, attend company

conferences, undertake written correspondence, and where possible, participate in conference calls and investor days offered by the companies in the investable universe. These company contacts are a critical part of the analytical process and are conducted for companies along the value chain, including key competitors, suppliers, customers and distributors.

Escalation

Should we identify an issue or area of concern, we would at first speak with the company as part of an initial 'fact-finding' meeting. During this meeting, we would seek to find out more about the company's plans to rectify the issue(s), and if we remain unsatisfied with the response following further meetings, we may choose to escalate the engagement through voting against the company at AGMs or EGMs and/or applying our Engagement Framework.

A summary of our Engagement Framework is as follows:

1. Devise a plan: includes an assessment of the key issue(s), the severity or materiality of the issue(s) and the potential risks involved (regulatory, reputational etc.), the likelihood of success, the size of our portfolio holding, recognised best practice, target outcome and key person(s) of influence.
2. Engage: includes a more focused meeting with the company during which we would raise our concerns and suggest possible routes to best practice.
3. Track progress: assess progress of engagement and actions taken by management.
4. Ascertain the need for further engagement: decide if there is a need to escalate the issue further and assess if we need to change our approach or involve other parties.
5. Assess the potential impact of the outcome on investment decisions: in instances where our engagements do not progress in the direction that we believe is in the best interests of our clients, we would consider divestment.

Collective Engagement

GuardCap's investment teams regularly engage with companies to seek to improve the outcome for shareholders. Generally, we conduct our engagement activities through one-on-one meetings with company management and company Boards because we prefer to act independently on the issues that we have identified. However, on occasion, we may be willing to participate in collective engagements where we believe it is in the best interests of our clients. The key factors we take into consideration when deciding whether to participate in a collective engagement include whether:

- the engagement objectives of the collective group are consistent with ours;
- we believe engaging as a collective group will be more successful than addressing the issue one-on-one;
- where there is a risk that engaging as a collective group could be interpreted as having "acted in concert" with another financial institution.

Conflicts of Interest

GuardCap recognises that stewardship activities and company engagement can on occasion lead to potential conflicts of interest. In compliance with FCA rules, we take a risk-based approach to identifying areas of potential conflicts of interest, to managing and mitigating conflicts of interest, and to considering all conflicts when designing and implementing policies and procedures.

To ensure that all potential conflicts of interest are identified and managed appropriately, GuardCap has a Conflicts of Interest Policy. The Policy is reviewed on at least an annual basis by our Compliance team to identify any additional procedures that might be performed to improve the management of potential conflicts of interest.

If a material conflict were to be identified, this would be escalated to Arieta Koshutova, COO, GuardCap, and discussed with the relevant employee(s). This discussion would determine how the potential conflict of interest should be handled in the best interest of the affected client(s).

For more details, please click [here](#).