

ENGAGEMENT POLICY

Through engagement, we signal our intentions and expectations as a long-term shareholder and achieve a more complete understanding of a company's strategy and practices. When we invest in a company, we communicate in writing our expectations as investors and the expectations we believe management should have of Walter Scott. Similarly, when we sell an investment, we write to the company explaining our reasons for doing so.

Given our relatively small number of investee companies, we aim to engage with most companies at least annually. This typically involves face-to-face meetings, either at our offices or on research trips, and conference calls. Research trips may include site visits and meetings with various stakeholders of the company in question. Written correspondence can also serve as a method of engagement, as well as to augment other forms of engagement.

We distinguish between two types of engagement: Engagement for Information – a meeting or correspondence involving a two-way exchange of information. Engagement for Change – typically a series of one-to-one meetings and correspondence, where we seek influence with a defined objective. Given the rigour of our analysis before making an initial investment, we find the need for engagements for change relatively limited when compared to engagements for information.

If we are not satisfied with the progress of an engagement for change, we will consider escalating the issue. The Investment Stewardship Committee determines if and how to escalate. Issues are considered on a

case-by-case basis but possible escalation strategies can include:

- Communication with more senior management or board member;
- A formal letter;
- Engagement with the chairperson of the relevant board committee;
- Voting against or abstaining on management proposals;
- Collaboration with other investors.

In the event that our escalation strategy proves unsuccessful, we may choose to sell our investment.

An engagement for change will often relate to integrity, sustainability and governance issues. Our tailored approach enables us to focus on the issues or concerns material to each company. While these issues will inevitably differ by company, they will typically fall within one of the following categories:

- Business Strategy
- Environmental Considerations
- Carbon Risk and Climate Change
- Human and Social Capital
- Governance

Responsibility for company engagement sits with the investment manager or analyst who covers the stock. However, reflecting our team approach, the decision to pursue a specific engagement objective can come from a number of sources:

- The investment manager or analyst responsible for the research in the company identifies an objective and seeks confirmation to proceed from the Investment Stewardship Committee.
- Another member of the Research Team, Investment Executive or Research Operations team identifies an objective

and flags this to the investment manager or analyst responsible for the company. Agreement to proceed is then sought from the Investment Stewardship Committee.

- The Investment Stewardship Committee identifies engagement objectives for specific companies or a thematic engagement across multiple companies. Our Engagement Policy applies to all engagement with all investee companies, and with prospective investee companies (where applicable).

1. PROXY VOTING

We engage with companies on proxy voting on a case-by-case basis, allowing us to express our views on specific issues, and to contribute to initiating change when required to protect and promote the best interests of our clients. Considered proxy voting enables us to support effective corporate governance and the management of material sustainability risks, supporting long-term shareholder value creation. Further details can be found in our Proxy Voting Policy.

2. MONITORING ENGAGEMENT

It is the responsibility of the relevant investment manager or analyst to monitor the progress of engagements using a consistent process set by the Investment Stewardship Committee. Any salient issues are discussed with the Investment Stewardship Committee and, if appropriate, the wider Research Team and Investment Executive. The ISC monitors engagements and the effectiveness of our approach at a formal quarterly meeting.

3. COLLABORATION

We think collaboration with other investors can be a useful tool in certain situations. For example, collective engagement can help drive ongoing improvements in sustainability and governance practices at our investee companies. As well as collaborating on company-specific matters, we will also engage with other investors on regulatory and policy matters, as well as with regulators and policymakers directly on relevant issues.

Whether to collaborate is a decision that we approach on a case-by-case basis and is the responsibility of the Investment Stewardship Committee. We will only undertake to work with other investors if we believe it is likely to prove effective and is in the best interests of our clients.

4. CONFLICTS OF INTEREST

In the event of a conflict of interest, or potential conflict of interest, we follow our Conflicts of Interest Policy. We also adhere to the conflicts policy of our parent company, BNY Mellon. Our Proxy Voting Policy outlines our approach to any ambiguity or potential conflicts of interest in relation to proxy voting.

5. REPORTING

All engagements are recorded on internal systems and meeting notes are sent to all relevant parties within Walter Scott. Under Shareholder Rights Directive II, we publish an annual report outlining how we have implemented our engagement policy in the previous 12 months.

6. RESPONSIBILITIES / OWNERSHIP

This policy is owned by the Investment Management Committee.

WALTER SCOTT & PARTNERS LIMITED, ONE CHARLOTTE SQUARE, EDINBURGH EH2 4DR
TEL: +44 (0)131 225 1357 · FAX: +44 (0)131 225 7997
WWW.WALTERSCOTT.COM

Registered in Scotland 93685. Registered Office as above. Authorised and regulated by the Financial Conduct Authority.
FCA Head Office: 12 Endeavour Square, London E20 1JN · www.fca.org.uk