

STEWARDSHIP & ENGAGEMENT POLICY

March 2022

NS PARTNERS LTD

Stewardship and Engagement Policy

Stewardship and Engagement refers to interactions that NS Partners may have with companies to exercise influence as an owner, including interactions regarding environmental, social and governance issues (ESG). These interactions encompass meetings with management and/or board directors, proxy voting and collaborative initiatives.

The UK Stewardship Code 2020 sets key principles and guidance for institutional investors, which currently sets out best practise on how they should perform their stewardship duties. The aim is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The Shareholder Rights Directive II, (SRD II) aims also to promote effective stewardship and sets out requirements in respect of engagement policies and investment strategies across the institutional investment community.

We believe that companies operating with sound business practices, including appropriate attention to environmental issues, social practices and corporate governance, are more likely to present better opportunities for investment than those without.

By ensuring that financially material ESG factors and their trajectory over time are captured in the investment process our policy on responsible investing aligns with our duty to seek the best returns for our clients.

Our Approach

Direct Corporate Engagement

Engagement with companies is one of the means by which we develop our understanding of Companies, raise issues with management and monitor subsequent developments. This can include face-to-face meetings, telephone calls, emails and letters. Discussions can cover a wide range of topics including strategy, operational performance, governance issues and environmental and social factors.

NS Partners sends an ESG questionnaire to all prospective portfolio companies to gather a broad spectrum of data to be used, as part of the investment research process, we believe this encourages greater disclosure and highlights best practice on ESG related issues.

Where NS Partners identifies material ESG risks in an investee company, or where their views about proxy vote differ with management, NS Partners may raise the issue with management and/or the board of directors in person or in writing. Direct Corporate Engagement activities may involve both the portfolio manager and the Stewardship and Engagement team. The choice about which issues to engage on is made with reference to themes prioritised; the size of the position and the materiality of the issue. The Stewardship and Engagement team makes decisions regarding its engagement activities together with the relevant portfolio manager. Where the outcome of this discussion does not satisfy the portfolio manager various escalation steps, may be considered, including using our proxy voting rights in support of our engagement goals.

Escalation activities will be undertaken at the discretion of the portfolio manager when the issue is deemed to be material and prior engagement efforts have not been successful.

Collaborative Engagement

In addition to completing independent engagements, NS Partners may also participate in collaborative engagements and initiatives. These collaborations may involve other institutional investors, industry associations or advocacy groups and they help us to pool resources and speak with a stronger unified voice to protect the interests of shareholders in the companies in which we invest on behalf of our clients. As a signatory of the UN PRI, NS Partners utilize the UN PRI Collaboration Platform as a primary source of collaboration opportunities.

Proxy Voting

NS Partners has a fiduciary duty to vote proxies both in a timely manner and in the best interests of our clients. The central tenet of our proxy voting policy is that good corporate governance enhances long-term shareholder value.

NS Partners utilizes the proxy research and voting services of Institutional Shareholder Services (ISS) to help assess and vote proxies in accordance with our custom voting policy. Taking into account NS Partners' custom guidelines, ISS prepares voting recommendations for all proposals on which we are entitled to vote. NS Partners uses these recommendations as a guide, however, certain situations will warrant additional review. Where there is a recommendation to vote against management we reach out to the company to gain a better understanding of the issue at hand. The Investment team at NSP receive support from within Connor Clark & Lunn Financial Group dedicated responsible stewardship and engagement team. As a result, of this engagement and our assessment of the relevant information NS Partners may choose to vote contrary to the ISS recommendation.

NS Partner's complete approach to proxy voting is set out in a separate Voting Rights Policy on our website.

Conflicts of Interest

Conflicts of interest can arise. FCA Principle 8 and SYSC 10 place an obligation on firms to manage conflicts of interest fairly. We have a firm-wide policy that sets out how we will deal with actual or potential conflicts of interest. Our approach is always to act in the best interest of our clients and to treat all clients fairly and equitably.

Reporting

NS Partners will report on its Stewardship and Engagement activities to its clients at least annually.

NS Partners provides a summary of its proxy voting record to its clients on a quarterly basis. Additional information is available to our clients on request.

Under COBS of the FCA Handbook, NS Partners is required to make a public disclosure in relation to the nature of its commitment to the UK Stewardship Code (the "Code"), updated in 2020 and an overview of our record of voting under the SRD II . This is required annually and is available on our website.

In addition, since February 2016 we have been signatories to the United Nations-supported Principles of Responsible Investment (PRI). The PRI encourages investors to use responsible investment to enhance returns and better manage risks.

As a signatory, we report annually on our Environmental Social and Governance (ESG) activities, which includes stewardship and voting activities. As a signatory of the UN PRI, NS Partners utilize the UN PRI Collaboration Platform as a primary source of collaboration opportunities.

NS Partners is also a signatory to Climate Action 100+ an investor led initiative seeking to actively engage high carbon emitters, or companies with a capacity to drive the transition to a low carbon economy. As investors and members of Climate Action 100+ we are calling on companies to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

We review and approve all our policies annually.