



ARBUTHNOT LATHAM

Bankers since 1833

## Engagement Policy Statement

Arbuthnot Latham offers investment services. These services cover a wide range of asset classes to provide clients with the right level of risk and potential reward to meet their aspirations and investment goals. This includes mandates where we invest in shares on behalf of our clients.

The terms 'we' and 'our' in this Policy Statement refers to Arbuthnot Latham & Co., Limited and Arbuthnot Latham (Nominees) Limited.

Under the Shareholder Rights Directive II (SRD II), there are certain requirements around shareholder engagement that arise when we invest, on behalf of clients, in shares of companies with a registered office in an EU member state and whose shares are admitted to trading on an EEA regulated market (or on a comparable market outside the EEA). These requirements aim to encourage long-term investment by shareholders, enhance transparency between investors and issuers, and facilitate the exercise of shareholders' rights. We take our shareholders' role seriously, and fully support effective stewardship, in a manner which is proportionate and meaningful.

This Statement describes our approach with regard to each requirement set out under Article 3(g) of SRD II:

### **Integrating shareholder engagement in investment strategy; Conducting dialogues with investee companies; Communicating with relevant stakeholders of the investee companies; Cooperating with other shareholders**

Members of our Investment Committee analyse investee companies at the outset of the investment using publicly available information. In order to reach a confident and coherent assessment of the opportunities for clients, consideration is given to investee companies' attitudes toward environmental, social and corporate governance (ESG) issues, in conjunction with other factors impacting investment return.

In the case of direct equity holdings, we apply a systematic approach through the consideration of preferred 3rd party fund managers' conviction positions. The nature of the process is passive, and this is reflected in our approach to shareholder activism. At our discretion, we can exit positions in exceptional circumstances.

Although we do support the principle of collective engagement, we do not directly engage with investee companies as we will rarely hold a significant proportion of the shares of a particular investee company having substantial voting influence, nor do we liaise directly with other stakeholders.

### **Monitoring investee companies on their strategy, capital structure, financial and non-financial performance, risk and ESG considerations**

We monitor investee companies during the term of the investment, using a variety of sources (including company reporting, broker research and industry reports). The extent to which, our monitoring considers the elements above, is limited to the information available via the sources we use and our internal processes and resources. The views of our Investment Committee are revisited and challenged on a regular basis to ensure consistency and constancy in approach. If an investee company pursues a course of action which is contrary to our opinion regarding the best interests of our clients, we will consider divesting the relevant shareholding from clients' portfolios.

Registered in England and Wales No. 819519. Arbuthnot Latham & Co., Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Arbuthnot Latham & Co., Limited is on the Financial Services Register under Firm Reference Number 143336.

### **Exercising voting rights and other rights attached to shares**

We do not generally exercise voting rights in respect of shareholdings (unless we provide non-discretionary services in respect of a client's investments, in which case voting rights will be exercised at the client's express instruction), as we do not hold significant positions, nor do we cooperate with other shareholders. However, in instances where a shareholder vote is central to our investment thesis we may vote, in a manner which is consistent with our relevant clients' best interests. In most circumstances, we view ourselves as a passive holder and would consider exercising the right to divest an investment where our views differ significantly from those of the investee companies' management.

### **Managing actual and potential conflicts of interest in relation to engagement with investee companies and issuers**

We have in place and maintain a conflicts of interest policy to identify, prevent and manage such actual and potential conflicts of interest, as well as a supporting register of conflicts which is regularly reviewed. A summary of our conflicts of interest policy is contained in our Investment Management Terms of Business and further details are available on request.