

SRD II Annual Disclosure

| June 2020 |

Engagement Policy

Integration of shareholder engagement within IW&I's investment strategy

Monitors investee companies on relevant matters, including:

- **strategy;**
- **financial and non-financial performance and risk;**
- **capital structure; and**
- **social and environmental impact and corporate governance.**

How this has been implemented

IW&I's Investment Corporate Governance Committee is chaired by a member of the Executive Committee and reports to the Executive Committee twice a year on the activity of the Equity and Collectives Corporate Governance Forums.

This report will include a summary of our engagement through voting at company meetings and any notable engagement with companies and other stakeholders outside of formal meetings.

This is the responsibility of the nine equity and six collective fund analysts who are responsible for IW&I's centrally researched stock and fund universe.

Equity

Ongoing monitoring includes, but is not limited to:

Analysis of scheduled and unscheduled newsflow from investee companies. Notable events are broadcast to the firm's Investment Managers through a Daily Morning Meeting and ongoing written commentary. All comments are stored in an electronic library system.

We will analyse the merits and potential of an industry, the investee company's position therein and the level and consistency of a group's financial returns, primarily using a cash flow return on investment methodology, both Credit Suisse's HOLT product and a proprietary in-house model. The appropriateness of a capital structure will be monitored from the perspectives of conventional leverage metrics, market implied measures such as Credit Default Swaps and the views of the credit rating agencies.

Our Environmental, Social and Governance (ESG) analysis of direct equities is based on the detailed analysis conducted by Sustainalytics, a specialist third-party provider of detailed ESG data. Any ongoing investments and proposed new



Conducts dialogues with investee companies

additions to the researched list will need to demonstrate strong industry-relative ESG credentials. Stocks that score poorly will be removed from central coverage.

Collectives

Ongoing monitoring of collective investments on our Researched list according to our proprietary 'APPROVED' framework (applied to all open and closed ended vehicles), with an operationally-focused Annual Quality Review.

This framework incorporates a number of quantitative and qualitative assessments of each fund's strategy, investable universe (operating environment), and execution.

With no completely satisfactory third party analysis of funds from an ESG perspective, we have developed our own in-house process which includes a detailed analysis of the third party's attitude to and integration of ESG considerations. This is incorporated fully into the APPROVED Framework.

Equity

Where possible we will meet regularly with the management teams of the companies that are of the highest priority to us. These meetings are typically held in our London offices (c.250 per annum) and are conducted in a way that allows any of our colleagues nationwide to participate.

In addition, analysts will meet company management at third party conferences, and company organised events.

Collectives

For open ended funds, in conjunction with the investment monitoring schedule, we will meet with representatives of management to discuss any governance issues when required.

In addition, engagement with the chairman of each of our investee listed investment companies is built into the yearly monitoring and voting schedule.

These meetings take the form of a structured dialogue which is recorded in our system. If required, we will escalate any matters further through methods such as letter writing, where we request a formal reply from the board. We can further escalate through voting our shares at the AGM or requesting an EGM if appropriate. These actions are coordinated through the Collectives Corporate Governance Forum.



Exercises voting rights and other rights attached to shares

We use the services of ISS, a proxy adviser, to inform our voting decisions, but make the final decision and implement the vote ourselves.

In any year we intend to routinely vote on all ballot items for direct equities on our centrally researched list where we hold (on a discretionary basis): more than £10m worth or more than 1% of the outstanding equity or, irrespective of the size of holding, if we intend to vote against the board's recommendation.

We will vote on all centrally researched investment companies, unless we have less than 2% of the share capital AND have less than £10m invested. We will also vote on investment companies which are not centrally researched where we hold over 10% of the share capital, or on any investment trust which is not centrally researched where we believe that voting on any or all resolutions would be in the best interests of our clients.

This focuses our voting on companies that are significant either because of the materiality of our holdings or because of the presence of controversial proposals.

For open ended collectives where voting is not required, should there be an issue which requires shareholder approval (for example an amendment to terms) we will register our views as appropriate. This will also be referred to the Collectives Corporate Governance Forum.

In a typical year this should see us voting on c.70% of our AUM in centrally researched direct equities and investment companies.

In the first quarter of 2020, a typically quiet period for AGMs, we voted at 13 company meetings on 226 ballot items and voted contrary to the board's recommendations three times.

For investment companies in the same period we voted at 18 company meetings on 233 ballot items, and voted against the board's recommendations twice.

Cooperates with other shareholders

Equity

For example, in 2018 we successfully collaborated with fellow shareholders to persuade the management of a leading UK life insurer not to redeem its preference shares at par. In the same year we also engaged with other institutional investors to lobby against the proposals for a dual listed Dutch – British business to abandon its London listing



Communicates with relevant stakeholders of the investee companies

Manages actual and potential conflicts of interests in relation to the firm's engagement

Collectives

Most recently, we have engaged with other shareholders of an equity investment company to assess whether they shared our concerns about manager performance, and we have worked with holders of a ZDP (zero-dividend preference share) to ensure all shareholders' interests were being treated equally, resulting in a better exit price on wind up.

We will provide a summary report of all our voting activity for discretionary accounts. In addition, where it does not breach any confidentiality, we may share examples of where we have engaged with management. A central record of voting activity is maintained.

IW&I has a company policy on Conflicts of Interest. All employees are required to declare any conflicts of interest, including those which may arise as a result of engagement, and we have in place arrangements to prevent or manage any conflicts identified. A summary of our conflicts policy is available to all our clients in our Terms and Conditions, and can also be obtained upon request from the Head of Compliance by other interested parties.