

VOTING RIGHTS AND SHAREHOLDER ENGAGEMENT POLICY

Waystone Management (UK) Limited

Adopted: 30 June 2021

Policy Owner: Compliance

Reviewed and updated: September 2021

Board Review Frequency: Annual

1. Background

Waystone Management (UK) Limited (“WMUK”), herein referred to as ‘the ACD’ is authorised by the Financial Conduct Authority (“FCA”) as an Authorised Fund Manager to manage UK collective investment schemes, AIFs and UCITS Funds (collectively, “Funds”). The ACD is responsible from a regulatory perspective for all the Funds for which it is the Authorised Fund Manager.

2. Introduction

In accordance with Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, as implemented by the European Union (Shareholders’ Rights) Regulations 2020 (“SRD II”) amending the Companies Act 2014, the UCITS Regulations and where relevant Company Law, the firm or its delegated investment managers invest in shares of companies whose shares are traded on a regulated market (as defined in Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU) on behalf of investors (“Investee Companies”), is responsible for ensuring that systems and controls are established, implemented and maintained to ensure that:

- an engagement policy is publicly disclosed that describes how the ACD integrates shareholder engagement in the investment strategy of managed Funds, or publicly disclose a clear and reasoned explanation why they have chosen not to do so,
- a framework of policies, procedures and controls is established to ensure an adequate and effective strategy for determining how and when voting rights attached to instruments held in the relevant Funds are to be exercised, so that these rights attached to instruments held in the managed portfolios are to be exercised, and accordingly benefit mainly to the relevant Funds and their investors.

This policy should be read in conjunction with the Proxy Voting and Class Action Policy.

3. Objectives

The purpose of this policy is to define the minimum measures and procedures required by the ACD, where it is responsible to develop a strategy for the exercise of voting rights, to ensure that the voting rights attached to instruments held by the relevant Funds are exercised if and when such exercise has as its aim to maintain or improve the value of the instruments they are attached to.

Based on the “comply or explain” principle, a specific engagement policy for a Fund (or any sub-fund thereof) might not be publicly available where:

- (i) The ACD did not contractually or by way of an operating memorandum impose the requirement of an engagement policy on the delegate investment manager,

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- (ii) the investment manager of the Funds (or of the relevant sub-fund(s) thereof) does not have an engagement policy in place,
- (iii) the investment manager of the Funds (or of the relevant sub-fund(s) thereof) has an engagement policy which does not fulfil the SRD II requirements,
- (iv) the investment advisor or organ of decision of the Funds does not require to apply a specific engagement policy to the Funds (or to the relevant sub-fund(s) thereof).

Delegated Third-Party Investment Managers

When delegating the investment management function on behalf of Funds, the ACD usually agrees with the appointed investment manager of the UCITS or portfolio manager of the AIF to implement the following measures and procedures from a shareholder engagement and exercise of voting rights standpoints:

- Pre-investment phase research and due diligence performed by investment managers allowing to identify and assess the growth potential and key risks associated with a given Investee Company, with possibility to engage directly with the management of such Investee Company and, as the case may be, appoint experts to discuss particular aspects (such as environmental aspects);
- Monitoring of the corporate actions linked to the instruments held in the respective Funds (in conjunction with the central administrative agent/domiciliary agent of the Funds as the case may be);
- Ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant Funds;
- Exercising voting rights if deemed appropriate;
- Preventing and managing any potential or actual conflicts of interest arising from shareholder engagement aspects or the exercise of voting rights. The conflicts of interest policy of the delegated investment manager or portfolio manager shall in particular:
 - -identify, with reference to the activities of collective portfolio management carried out by or on behalf of a given Fund, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interest of such Funds and their investors;
 - -define procedures to be followed and measures to be adopted in order to manage such conflicts.
- Verification that the investment manager has or has not an engagement policy in place. In cases where no engagement policy has been put in place by the investment manager, a

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Fund specific engagement policy will not be publicly available. WMUK will encourage all investment managers without one to put in place an engagement policy.

- Verification if an annual disclosure by the investment manager (e.g. on its website) of the implementation of the engagement policy (including how it has been implemented, including a general description of voting behaviour, an explanation of the most significant votes and the potential use of proxy advisors' services) has been published. To distinguish between most significant votes (being subject to disclosure) and insignificant votes (not being subject to disclosure) qualitative criteria (e.g. due to the subject matter of the vote) or quantitative criteria (e.g. due to the size of the holding in the Investee Company) may be applied. Based on the "comply or explain" principle such information might not be publicly available, e.g. in case the investment strategy of the Funds does not justify for such an implementation.
- Verification if an annual disclosure by the investment manager (e.g. on its website) of the implementation of the engagement policy (including how it has been implemented, including a general description of voting behaviour, an explanation of the most significant votes and the potential use of proxy advisors' services) has been published. To distinguish between most significant votes (being subject to disclosure) and insignificant votes (not being subject to disclosure) qualitative criteria (e.g. due to the subject matter of the vote) or quantitative criteria (e.g. due to the size of the holding in the Investee Company) may be applied. Based on the "comply or explain" principle such information might not be publicly available, e.g. in case the investment strategy of the Funds does not justify for such an implementation.

Monitoring of the existence and publication of the engagement policy and voting rights strategy

WMUK will monitor the existence and publication of the engagement policy and voting rights strategy by mainly:

- Performing a due diligence on the investment managers, portfolio managers or, if relevant, investment advisors' shareholder engagement policy and voting rights policy prior to appointment;
- Performing a regular review to assess:
 - the existence and publication of a shareholder engagement policy;
 - the monitoring process of corporate actions;
 - the monitoring process of applied voting strategies and their execution;
 - delegates public disclosures on how engagement is implemented;
 - if required disclosures are made on at least on an annual basis to Institutional Investors;
 - how delegates have detected and prevented and/or managed conflicts of interest.

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WMUK may consider any other information to assess if implementation of the engagement and/or voting rights policy is in the interest of the Funds and their investors.

When acting in its own capacity as portfolio manager or investment manager, WMUK shall ensure to evidence and document that any investment decision taken and the exercise of voting rights or any other engagement related action are in line with this policy and, as the case may be, any Fund specific engagement policy.

In addition, WMUK verifies that the required annual disclosure in relation to the implementation (or at least an explanation in case of non-compliance) and disclosure to Institutional Investors of the relevant Funds will be performed.

WMUK is responsible for the supervision of these tasks and can delegate part or all of them to identified parties outside of WMUK.

4. Review and Update

The Voting Rights and Shareholder Engagement Policy will be reviewed regularly and on an at least annual basis. Any changes to this Policy must be approved by the Board of Directors.

5. Public Disclosure

The Voting Rights and Shareholder Engagement Policy, or a substantive version thereof, shall be made available on the WMUK website, and a hard copy be provided on request to Institutional Investors.

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APPENDIX 1 GLOSSARY OF TERMS

TBD once policy language confirmed

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APPENDIX 2

POLICY DOCUMENT VERSION HISTORY

NOTE THAT ALL HISTORY MUST BE COMPLETED FOR ALL AMENDMENTS MADE TO POLICY.

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason/Explanation of Changes
1.0	MD	June 2021	Board of Directors	30/6/21	Implementation of changes under the EU Second Shareholder Rights Directive
1.1	Sebastien Morvan	09/2021	N/a	N/a as re-brand	General review following Waystone rebrand