

Gresham House's Shareholder Rights Directive Policy

The Shareholder Rights Directive ("SRD") requirements in the Financial Conduct Authority ("FCA") Handbook, Conduct of Business Sourcebook ("COBS") 2.2B apply to Gresham House Asset Management Limited (the "Firm") in its capacity as a UK MiFID investment firm that provides portfolio management services to investors and in its capacity as a full-scope UK AIFM.

The said requirements also apply to the Firm as a result of its investment activity on behalf of investors in shares traded on a regulated market in the United Kingdom ("UK") and certain markets situated outside the UK.

The Firm has therefore developed, as part of this Shareholder Rights Directive Policy document, an Engagement Policy, which is publicly disclosed. The Firm further undertakes to publicly disclose on an annual basis how its Engagement Policy has been implemented in a way that meets the relevant requirements. The said disclosures and supporting information will be made available free of charge on the Firm's website.

In addition, where the Firm invests on behalf of an SRD institutional investor, whether on a discretionary client-by-client basis or through a collective investment undertaking, the Firm will disclose to the relevant SRD institutional investor, on an annual basis, how its investment strategy and the implementation of it:

- (1) complies with the discretionary investment management or fund management arrangement between the Firm and the SRD institutional investor; and
- (2) contributes to the medium- to long-term performance of the assets of the SRD institutional investor or of the fund.

As per the FCA Handbook, SRD institutional investors are:

- (a) undertakings carrying out life assurance and/or reinsurance activities; and
- (b) institutions for the provision of occupational retirement.

Procedure

Engagement Policy

The Firm has developed an Engagement Policy which describes how the Firm:

- (1) integrates shareholder engagement in its investment strategy;
- (2) monitors investee companies on relevant matters, including:
 - (a) strategy;
 - (b) financial and non-financial performance and risk;
 - (c) capital structure; and
 - (d) social and environmental impact and corporate governance;
- (3) conducts dialogues with investee companies;
- (4) exercises voting rights and other rights attached to shares;
- (5) cooperates with other shareholders;
- (6) communicates with relevant stakeholders of the investee companies; and
- (7) manages actual and potential conflicts of interests in relation to the Firm's engagement.

The Engagement Policy template can be seen in Appendix 1.

Disclosure of Information

The Firm's annual disclosure includes a general description of voting behaviour, an explanation of the most significant votes and reporting on the use of the services of proxy advisors.

The Firm publicly discloses how it has cast votes in the general meetings of companies in which it holds shares. However, the Firm is not required to disclose votes that are insignificant due to the subject matter of the vote or the size of the holding in the company. The Firm considers the significance of each vote on an ongoing basis.

The Firm's public annual disclosure is made on a calendar basis, effective June 2021. The Public Annual Disclosure template can be seen in Appendix 2.

Transparency of Asset Managers

The Firm has assessed that it does not invest on behalf of an SRD institutional investor, whether on a discretionary client-by-client basis or through a collective investment undertaking. As such, the Firm has no disclosures to make under the transparency of asset managers requirements.

Should the Firm change its assessment in the future, it shall also reassess whether it will comply with the requirements for disclosures to SRD institutional investors by making such disclosures separately to each investor or by making the relevant disclosures publicly available on its website.

Where applicable, SRD institutional investor disclosures shall be made on a calendar basis. The SRD Institutional Investors Annual Disclosure template can be seen in Appendix 3.

Policy and Disclosure Updates

This Shareholder Rights Directive Policy and its Appendices are reviewed on at least an annual basis by Compliance and the Sustainability Director and presented to the Firm's Board for signoff.

Appendix 1: Engagement Policy

Under COBS 2.2B, a UK MiFID investment firm that provides portfolio management services to investors and a full-scope UK AIFM are, to the extent that they are investing (or have invested) on behalf of investors in shares traded on UK regulated markets and certain markets situated outside the UK, required to either develop and publicly disclose an engagement policy as prescribed in COBS 2.2B.6R or publicly disclose a clear and reasoned explanation of why they have chosen not to comply with this requirement.

Gresham House Asset Management Limited (“Gresham House”, the “Firm”, “we”, “our”, “us”) has elected to disclose its Engagement Policy as set out below. Furthermore, the Firm is required to publicly disclose on an annual basis how this Engagement Policy has been implemented in a way that meets the requirements in COBS 2.2B.7R. The Firm will make its public annual disclosure, alongside this Engagement Policy, on its website.

<p>How the Firm integrates shareholder engagement in its investment strategy.</p> <p>COBS 2.2B.6R (1)</p>	<p>We believe that effective stewardship requires a hands-on approach, engaging directly with stakeholders, to ensure the best possible result for shareholders and clients.</p> <p>Engagement is centred on two broad themes:</p> <ul style="list-style-type: none"> ▪ Improving governance and board composition, and ▪ Aligning remuneration incentives with the interests of shareholders <p>Internally, the firm conducts reviews across strategies and portfolios, communicating identified risks to shareholders.</p> <p>We collaborate with shareholders in our portfolio companies on matters of governance as a driver of investment performance and where necessary for a change catalyst.</p>
<p>How the Firm monitors investee companies on relevant matters, including:</p> <p>(a) strategy; (b) financial and non-financial performance and risk; (c) capital structure; and (d) social and environmental impact and corporate governance.</p> <p>COBS 2.2B.6R (2)</p>	<p>Investing in smaller companies allows us to engage with and assess strategy, senior management, governance & remuneration processes, protecting the long-term value of our investments. We encourage an open and honest dialogue between ourselves and the companies in which we invest as this is an essential part of being an effective steward of the investments.</p> <p>We maintain conviction scores for the majority of our investments, which incorporate a quantitative and qualitative analysis of various business parameters, including relevant ESG factors.</p> <p>We conduct regular monitoring of ESG risks, opportunities, and performance in our investments using our Sustainable Investment Framework which captures the ten themes we want our investments to be assessed against</p> <p>Our Sustainable Investing Committee drives sustainability related deliverables:</p>

	<ul style="list-style-type: none"> ▪ providing oversight of the implementation of policy commitments, ▪ assessment of the continued appropriateness of sustainable investment tools and processes and ▪ driving the collation of measurement metrics and targets relating to our sustainable investment activities
<p>How the Firm conducts dialogues with investee companies.</p> <p>COBS 2.2B.6R (3)</p>	<p>Our primary means of engagement is through active, open and honest dialogue. Our preference is always to work collaboratively with the company.</p> <p>Engagement with an investee company may vary depending on its corporate performance and governance standards. The level of engagement is calibrated based on our assessment of each company, the risks, opportunities, and probability of achieving change.</p> <p>We will meet face-to-face with the management team of a publicly listed company at least twice a year, and more frequently when we own a material share of a company.</p> <p>We apply a principles-based approach when it comes to escalation factors and will discuss within the investment team the best course of action which may involve further engagement with the company, use of voting rights or discussions with other shareholders.</p> <p>Where engagement with management teams proves unsuccessful, the investment manager will reach out to Non-Executive Directors (NEDs) or the Board Chair. If this also proves unsuccessful, we will reach out to other shareholders, making a public statement if deemed necessary.</p>
<p>How the Firm exercises voting rights and other rights attached to shares.</p> <p>COBS 2.2B.6R (4)</p>	<p>Voting is an important part of our investment strategy for our public equity investments. The investment team devotes the necessary research, management time and resources to ensuring we make good voting decisions.</p> <p>Individual fund managers are responsible for individual investments. On occasion, the fund manager may deem it in the best interest of clients to vote outside policy requirements, in which case this will be discussed within the investment team to understand and assess justification for this decision.</p> <p>All resolutions are reviewed and voted on, unless there is an administrative impediment (e.g., power of attorney requirements, ineligibility due to participation in share placement).</p>
<p>How the Firm cooperates with other shareholders.</p> <p>COBS 2.2B.6R (5)</p>	<p>We collaborate with shareholders in our portfolio companies on matters of governance and where necessary for a change catalyst to drive improvements in shareholder value.</p>

	<p>In one such instance, Gresham House was a significant shareholder in a company that had been underperforming. Another investor proposed board changes which we considered and determined would be in the best interests of shareholders. We therefore supported that proposal.</p>
<p>How the Firm communicates with relevant stakeholders of the investee companies</p> <p>COBS 2.2B.6R (6)</p>	<p>Effective communications with other stakeholders is a crucial component of fulfilling our stewardship responsibilities. We use our active ownership responsibilities to engage with appropriate stakeholders of the investee companies to instigate positive change.</p> <p><u>New Energy Division:</u> To keep an open forum of communication with community stakeholders, we facilitate educational programmes and participate in community led initiatives in order to contribute towards the local economy and help to improve biodiversity.</p> <p><u>Housing Division:</u> With our shared owners we use a mixture of customer surveys and feedback at the point of service. We take part in consultations from regulators and local government. We also engage frequently with service providers such as builders on matters of health and safety, and the use of environmentally friendly building practices.</p>
<p>How the Firm manages actual and potential conflicts of interests in relation to the Firm's engagement.</p> <p>COBS 2.2B.6R (7)</p>	<p>We strongly believe in prioritising the interests of our clients in all our processes. A Conflicts Committee is in place with senior managers from compliance, legal, finance and operations. Conflict matters are brought to the attention of the committee via a dedicated email address. The Committee considers the issues and advises the relevant notifier or team accordingly. The Conflicts Committee also ensures that mitigation controls for identified conflicts remain effective on an ongoing basis.</p> <p>We have a robust conflicts of interest policy which describes our approach to identifying and managing the risks arising from these areas of potential conflict including:</p> <ul style="list-style-type: none"> ▪ Annual declarations of outside business interests by staff ▪ Controls around the receipt or offer of gifts and hospitality ▪ Controls around personal account dealing by staff and connected persons ▪ Establishment of objective protocols for asset allocation between funds Design of remuneration structures that align the interests of investors with investment managers <p>Except with the approval of the Compliance Officer, no person shall serve as an employee, partner, officer, director, trustee of, or have a substantial interest in or business relationship with, a competitor, client, or supplier (other than any affiliate or parent of Gresham House) that could create a divided loyalty or the appearance of one.</p> <p>To manage Conflicts of Interest within Gresham House, we maintain a Conflicts Register to record and maintain a list of all actual and potential types of conflicts which may cause or create a perceived risk of damage. The register also sets out measures we have taken to manage such</p>

	<p>actual or potential conflicts; it forms the operational basis of Gresham House's arrangements for reviewing and monitoring our conflicts management processes and is subject to regular ongoing review by Senior Management.</p> <p>In circumstances where the conflicts management mechanisms put in place are not sufficient to prevent the risk of damage to clients' interests, we disclose to the relevant clients the general nature and/or sources of such conflicts. Our Engagement & Voting Policy details how conflicts of interest are managed and how we will provide transparency and disclosure.</p>
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Appendix 2: Public Annual Disclosure

Under COBS 2.2B.5 (1) (b) and COBS 2.2B.7R, the Firm makes the following public annual disclosure, for the period starting June 2020 and ending June 2021. This Public Annual Disclosure is made available via the Firm's website.

<p>General description of voting behaviour.</p> <p>COBS 2.2B.7R (1)</p>	<p>The long-term interests of shareholders and clients are our paramount objective. Whilst we aim to be supportive of the company's board and management, we do not always support the management decisions of the companies in which we hold shares.</p> <p>We will aim to align voting decisions with the relevant Corporate Governance Code that the company has subscribed to where applicable.</p> <p>Voting decisions are based on our view of the course of action which will be in the best interests of our shareholders and the Fund's investors. We also use our experience and judgement to take into account our view of best practice for a company given its size and circumstances.</p> <p>Votes are informed by various sources including: our procedures, research, engagement with the company, discussions with other stakeholders and advisers, our internal discussions and consultations, and other relevant information.</p> <p>Voting recommendations for Gresham House investments are facilitated by non-conflicted members of the Management Committee and non-conflicted members of the Investment Committee.</p> <p>In the specific event of a conflict arising in the exercise of voting rights, the proposed voting decision and an explanation as to why it is in the shareholders' best interests is documented and considered by the independent Conflicts Committee.</p>
<p>Explanation of the most significant votes.</p> <p>COBS 2.2B.7R (1)</p>	<p>Our voting requirements are:</p> <ol style="list-style-type: none"> 1. Authority to allot shares - it is our policy to vote against anything over 33%. 2. Disapplication of pre-emption rights - it is our policy to vote against anything over 10%. 3. Authorise company to purchase own shares - it is our policy to vote against anything over 10%. 4. Political donations - it is our policy to vote against all political donations.
<p>Reporting on the use of the services of proxy advisors.</p> <p>COBS 2.2B.7R (1)</p>	<p>We do not use any proxy voting advisory services, but we usually use proxy voting services to deliver voting decisions to the companies we invest in.</p>

	<p>For Gresham House balance sheet investments, we instruct our broker and registrar to administer votes.</p> <p>Where Gresham House is voting on behalf of our shareholders and clients, in the majority of cases we utilise proxy voting services to deliver proxy votes to the companies we invest in.</p> <p>Broadridge and ProxyEdge are used for the Baronsmead VCT funds and open-ended Equity Funds. For GHS and SPE we instruct Indos, the depository, and they submit the votes on our behalf.</p>
<p>Disclosure on how the Firm has cast votes (excluding votes for insignificant subject matters) in the general meetings of companies in which it holds shares (excluding insignificant holding sizes).</p> <p>COBS 2.2B.7R (2)</p>	<p>Gresham House is an active investor and acts as long-term steward of the assets across our portfolio. The effective mechanisms for active ownership are engagement and voting, these enable us to minimise risk and maximise returns.</p> <p>Proxy voting summaries are available on our website and on request. Where we vote against a proposal this is in line with our documented voting requirements across our funds:</p> <ul style="list-style-type: none"> ▪ Q1 2021 we voted against the proposal in 7 instances ▪ Q2 2021 we voted against the proposal in 33 instances <p>In 2020, we voted 97.8% for management recommendations, 2.1% against, and had 0.1% abstentions.</p>

Appendix 3: SRD Institutional Investors Annual Disclosure

Under COBS 2.2B.9R, the Firm makes the following annual disclosure to SRD institutional investors, as defined in the FCA Handbook, for the period starting [TBD] and ending [TBD].

<p>How the Firm's investment strategy and the implementation of it complies with the discretionary investment management or fund management arrangement between the Firm and the SRD institutional investor.</p> <p>COBS 2.2B.9R (2)(a)</p>	
<p>How the Firm's investment strategy and its implementation contribute to the medium- to long-term performance of the assets of the SRD institutional investor or of the fund.</p> <p>COBS 2.2B.9R (2)(b)</p>	
<p>Key material medium- to long-term risks associated with the investments.</p> <p>COBS 2.2B.9R (3)(a)</p>	
<p>Portfolio composition.</p> <p>COBS 2.2B.9R (3)(b)</p>	

<p>Turnover and turnover costs.</p> <p>COBS 2.2B.9R (3)(c)</p>	
<p>Use of proxy advisors for the purpose of engagement activities.</p> <p>COBS 2.2B.9R (3)(d)</p>	
<p>Policy on securities lending and how that policy is applied to support the Firm's engagement activities, if applicable, particularly at the time of the general meeting of the investee companies.</p> <p>COBS 2.2B.9R (3)(e)</p>	
<p>Whether and, if so, how, the Firm makes investment decisions based on evaluation of medium- to long-term performance of an investee company, including non-financial performance.</p> <p>COBS 2.2B.9R (3)(f)</p>	
<p>Whether and, if so, which conflicts of interests have arisen in connection with engagement activities and how the Firm has dealt with these conflicts.</p> <p>COBS 2.2B.9R (3)(g)</p>	