Gresham House

Engagement and Voting Policy

Introduction

Gresham House exercises its engagement and voting responsibilities in two capacities:

1 Where Gresham House is the investor/shareholder and therefore is engaging and voting in relation to its balance sheet investments; and

2 Where Gresham House is engaging and voting on behalf of its clients (including funds).

This policy sets out the overall approach to engagement and voting to be followed within Gresham House under both capacities listed above unless, in exceptional cases, there are sound commercial, regulatory or legal reasons not to do so.

As a sustainable investor, Gresham House is a signatory to and honours its responsibilities under the UN-supported Principles for Responsible Investment (PRI), the Corporate Governance Code for Small and Mid-Size Quoted Companies (QCA Corporate Governance Code), the EU Shareholder Rights Directive and the UK Stewardship Code. Hence this policy is supported by the Gresham House Group Shareholder Rights Directive Engagement Policy, UK Stewardship Code Statement and Sustainable Investing Policy which are publicly available on our website.

Gresham House, under both capacities, is an active investor and acts as a long-term steward of the assets in which it invests. We believe that active ownership, including engagement and voting, are effective mechanisms designed to minimise risk and maximise returns.

Our engagement and voting activities are integrated into our business practices and investment processes. Both activities are viewed as a key part of our investment approach and not considered stand-alone objectives.

Roles and responsibilities

1.1 Engagement

Responsibility for engagement is led by the Group Management Committee (GMC) for Gresham House balance sheet investments and by the Fund Managers and their respective teams in relation to funds that Gresham House is manager for or adviser to.

1.2 Voting

Individuals responsible for voting on behalf of Gresham House balance sheet investments:

- Standard ordinary non contentious business decisions (e.g. usual AGM matters, approval of accounts, appointment of auditors, etc.) will be made by a single non-conflicted member of the Gresham House Investment Committee with recommendations from the GMC; and
- Special, contentious or exceptional business decisions will be made by non-conflicted members of the Gresham House Investment Committee with recommendations from the non-conflicted members of the GMC.

Individuals responsible for voting on behalf of clients (i.e. funds that Gresham House is manager for or adviser to):

- Authority to determine the voting approach taken on any given issue rests with the Fund Manager.
- Where a Fund Manager identifies a conflict, this will be escalated to the Gresham House Conflicts Committee.

1.3 Organisational structure and resources dedicated to engagement and voting

Engagement and voting activities are carried out by well-resourced and experienced teams that work closely with the Sustainable Investment Team to ensure there is proper ESG integration.

Specifically, the responsibilities for engagement and voting are carried out by:

- The Gresham House Investment Committee, who may delegate day to day responsibility to a member of the GMC, for Gresham House's balance sheet investments; and
- The Fund Managers and their supporting teams, where Gresham House is acting on behalf of clients.

The Engagement and Voting Policy is overseen, monitored and reviewed on a regular basis by the Sustainable Investment Team and is supported by the Legal and Compliance division.

Engagement

Across our investment activity, we engage directly with numerous stakeholders including investors, investee companies and project counterparties. It is central to our philosophy that we take a hands-on approach to our investments to ensure the best result for both shareholders and clients.

Gresham House encourages an open and honest dialogue between itself and the companies in which it invests. Investing in smaller businesses means we place great importance on our ability to work with company management through engagement activity to make improvements and protect long-term value.

We believe engagement is an essential part of being an effective steward of our shareholders' and clients' assets.

2.1 Purpose of engagement

Gresham House engages for various reasons, including:

To seek understanding of and to provide input and influence into key areas we believe may have a material impact on long-term shareholder value creation at an investee company, including business strategy, material corporate transactions, capital raising activity, board composition and governance, management incentives, and investor relations

To monitor progress against key strategic and financial milestones, any material ESG issues we have identified, and to assess any material deviations from our investment thesis

To provide access to the Gresham House network where we believe there is material scope to add value to an investee company

To assess and mitigate areas of material business or valuation risk to an investee company

2.2 Individuals responsible for engagement activity

Gresham House will engage with companies in a constructive way ensuring that individuals with the necessary expertise and knowledge are involved in each engagement activity. Engagements will be carried out confidentially and any engagement activity included in Annual Report and Accounts or other Gresham House materials will not be attributed to any individual company, unless permission is granted or, in order to comply with regulatory requirements, it is necessary to publish such details.



2.3 Engagement in the investment process

Prior to investment, we will assess the ability for Gresham House to work with the company management on an ongoing basis. If the relationship between Gresham House and the company management is not strong and aligned, then we believe our ability to create and protect value is reduced. We therefore seek alignment between the objectives of Gresham House and company management prior to investment.

After investment, we may actively work with the companies we invest in to enhance long-term shareholder value and to promote transparency in our voting activities.

2.4 Individuals responsible for engagement activity

Prior to any engagement, objectives are identified, shared internally and may be shared with the company. Dependent upon factors such as the fund strategy and materiality, for each company we invest in we may identify and agree strategic milestones that we expect the company to deliver over the holding period. We typically identify a few key strategic milestones that are bespoke to the organisation and important to the development of the business, aiming to keep the directors focused and ensure continued progress.

Objectives may include:

- Improvements to reporting, including ESG factors
- Board composition
- Improvements to governance arrangements
- Product or geographic expansion or variance, including due to ESG-related market forces
- Staff retention and reduction of absence rates
- Implementing compliance programs with forthcoming ESG legislation

The purpose of setting engagement objectives is to provide a framework which forms the basis of our regular engagements with companies. It also allows us to measure progress and development, as well as assessing any challenges that need addressing. We recognise that objectives need to adapt over time

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For example, we identified the need in one of our investee companies to make improvements to the quality and composition of its board and worked with them to help identify a new non-executive director that could add material value to the business. We helped drive this to conclusion and introduced individuals into the process to assist.

2.5 Communication with companies

Dependent on factors such as the fund strategy and materiality, we will engage with companies in regular face to face meetings. In a scenario where we are dissatisfied with a material issue, we will escalate from verbal to written engagement and ultimately engagement with NEDs of that company and/or other material stakeholders, as appropriate.

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2.8 Collaboration with other companies

We welcome collaborative engagement activity and recognise the benefits brought about by collaboration of different shareholders for both the company and Gresham House as an investor.

Gresham House will work alone in most of its engagement activity. However, on some occasions, we will work with other significant shareholders to understand their perspectives or to seek support for improvements that need to be made.

Voting

Voting is an important part of our investment strategy, demonstrated by our commitment to the UK Stewardship Code and being a signatory to the PRI.

We devote the necessary research, management time and resources to ensuring we make good voting decisions. Our Investment Committee and Fund Managers are responsible for exercising voting rights on behalf of our shareholders and clients, respectively.

Voting decisions are based on our view of the course of action which will be in the best interests of our shareholders and clients. 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.

We will vote all shares at all meetings, except where there are onerous restrictions. We do not allow stock lending.

3.1 Use of proxy voting agencies

For Gresham House balance sheet investments, it instructs its broker and registrar to administer votes.

Where Gresham House is voting on behalf of its shareholders and clients, in the majority of cases it utilises proxy voting services to deliver proxy votes to the companies we invest in. Broadridge and ProxyEdge are used for the Baronsmead VCT funds and open-ended Equity Funds. For Gresham House Strategic Public Equity LP we instruct Indos, the depositary, and they submit the votes on our behalf.

For the Gresham House Ireland multi-asset and public equity funds we use Institutional Shareholder Services (ISS) both for proxy advice and to deliver proxy votes for the companies in which we invest. All voting decisions are aligned with ISS's Sustainability Policy which seeks to promote support for sustainable business practices advocating for stewardship of environment, fair labour practices, non-discrimination, and the protection of human rights. On matters of corporate governance, executive compensation, and corporate structure, the Sustainability Policy guidelines are based on a commitment to create and preserve economic value and to advance principles of good corporate governance.

We will aim to align voting decisions with the relevant Corporate Governance Code that the company has subscribed to where applicable. We also use our experience and judgement to take into account our view of best practice for a company given its size and circumstances.

The long-term interests of shareholders and clients is 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. In these situations, we may vote against the company or choose to abstain from time to time.

As engaged and supportive investors, in the event that we plan to vote against the company decision, we will usually engage with the company in advance, explain why we plan to vote against the decision and look for ways to avoid that if possible. If a satisfactory outcome is not reached through this active dialogue with the company, we will typically tell the company in advance of our intention to abstain or vote against management and clarify the reasons grounding such intention.

Where votes are exercised on behalf of Gresham House for its balance sheet investments, the non-conflicted members of the GMC assess and prepare a recommendation for the non-conflicted members of the Gresham House Investment Committee to consider.

For example, in the past we have voted against accepting a company takehover offer. After discussing our view with management and the Chairman that the recommended offer price was too low, we published a letter to other shareholders recommending they decline the offer. We ultimately secured an enhanced offer price.

Conflicts of interest

Gresham House aims to act in the best interests of its shareholders and clients. We have arrangements in place to ensure that we take all appropriate steps to identify and then prevent or manage conflicts of interest between: (i) us and our clients; and (ii) between one client and another client. In particular, where we have or may have a conflict of interest with a client, we shall take reasonable steps, acting in compliance with applicable law and regulation, to ensure fair treatment of the client.

Where we believe that the arrangements in place are not sufficient to ensure with reasonable confidence that risks of damage to the interests of the client will be prevented, we will inform the client of the nature or source of the conflict and the steps taken to mitigate those risks.

This disclosure shall:

Clearly state that the organisational and administrative arrangements established by us to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;

Include specific description of the conflicts of interest that arise;

Explain the risks that arise as a result of the conflicts of interest; and

Include sufficient detail, taking into account the nature of the client, to enable an informed decision with respect to the service in the context of which the conflict of interest arises.

In the event that a conflict of interest arises such that the interests of our clients differ, we may be required to express different perspectives to a company reflecting the different interests of our different clients.

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.

In some circumstances, where we are unable to act in the best interests of a particular client, we may elect to cease acting for that client. Further information is available on request and we shall answer clearly and within a reasonable time any reasonable and proportionate requests by our clients for information about our policies or arrangements and how they are reviewed.

As referred to above in the Voting section, voting recommendations for Gresham House investments are facilitated by non-conflicted members of the GMC and non-conflicted members of the Investment Committee. This is because, for example, members of the respective Committees may be conflicted for reasons of common membership across the GMC and the fund level Investment Committees.

Transparency and disclosure

We will ensure that our engagement and voting policies and the activity reporting required under the Shareholder Rights Directive are made publicly available.

We have determined that it would not be proportionate to disclose all voting activity publicly given our size. We maintain records of meetings with management and all voting activity for each company that we invest in. Similarly, it would be disproportionate for us to obtain an independent opinion on our engagement and voting processes. However, each of our funds has an independent board and/or investment committee to ensure we have robust procedures in place for the consideration of stewardship and voting processes.

We are happy to respond to specific requests for information on our stewardship activities (including collaborative engagement activities) from clients or where required by applicable law or regulation.



About Gresham House

Gresham House is a specialist asset manager providing funds, direct investments and tailored investment solutions, including co-investment, across a range of differentiated alternative investment strategies.

Our expertise includes forestry, renewable energy, real estate, sustainable infrastructure, strategic public and private equity. The Group aims to deliver sustainable financial returns and is committed to building long-term partnerships with clients (institutions, family offices, high-net-worth individuals, charities and endowments) to help them achieve their financial goals.

As a signatory to the UN-supported Principles for Responsible Investment, Gresham House is committed to operating responsibly and sustainably and believes that taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of our market positioning.

www.greshamhouse.com

UKSIF
UK Sustainable Investment and Finance Association