Heronbridge Investment Management LLP

UK Stewardship Code & Engagement Statement

Proxy Voting Policy

ESG & Sustainability Statement

Shareholder Rights Directive Statement

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Stewardship and Shareholder Engagement Statement

The UK Stewardship Code (the "Code") was established by the Financial Reporting Council in 2010 and updated in September 2012, and October 2019 with the release of the updated UK Stewardship Code 2020.

The Code aims to set high expectations on those responsible for managing the long-term savings of the UK public. In particular, it seeks to position stewardship as *the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society*.

Becoming a signatory to the Code is voluntary. Heronbridge Investment Management LLP ("Heronbridge") is not a signatory to the Code but this document describes how we have applied the principles of the Code in our role as a discretionary asset manager with respect to client investments in UK publicly-traded equity securities. This statement is also intended to inform our clients, companies in which we invest and other market participants of our philosophy and practices with regards to stewardship.

In January 2021, Heronbridge became a signatory to the UN-supported Principles for Responsible Investment.

Purpose and Governance

1. Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.

Heronbridge is a long-only, value-biased equity investment management boutique, dedicated to providing first-class investment management services to Institutional and Charity clients in the UK, the US and elsewhere. We co-invest alongside our clients in order to ensure the alignment of our interests and believe that, by imposing a cap on the assets we manage and implementing the following approach, we will achieve our aim of materially outpacing inflation over the long term:

- We invest in companies with reference to their investment merits, not with respect to their size in a particular market index. Our universe comprises UK-listed companies, the UK being a deep and internationally-diversified market;
- We think as owners of businesses and focus on growing the portfolio's underlying earnings power, in the expectation that stock prices will, over time, reflect that growth;
- We identify attractive investments by carrying out our own in-depth qualitative and quantitative research, looking to understand companies rather than predict their short-term price movements.

A key consideration of our research process is sustainability, in particular as it relates to future cash flows. We think of ourselves as long-term owners of a collection of soundly-financed companies with a decent competitive advantage and a credible, sustainable business model – which implicitly includes the economy, society and the environment. Our average holding period is over five years, which means these factors are evaluated over the long rather than the short term. Companies engaging in reckless behaviour or contentious activities are likely to attract adverse legislation and/or greater regulation and may thus struggle to generate the long-term reliable cash flows that we seek on behalf of our clients. These considerations are taken into account when researching investment candidates.

2. Signatories' governance, resources and incentives support stewardship.

Heronbridge is majority-owned by its current and former working partners and their related parties and our partnership ethos, with its fair and open remuneration structure, is at the heart of how we conduct our business.

Remuneration is directly linked with investment performance which, in turn, is directly linked with sound stewardship. Fund managers and other senior staff have invested a significant portion of their investment assets in the programme, which further illustrates how Heronbridge staff benefit fully only when we maximise value for our clients.

We aim to ensure that the firm is always properly financed and adequately resourced in all areas.

Investment Team members are experienced analysts who conduct proprietary research and utilise external research providers for the purpose of information completeness. Company research, carried out as part of the investment process, includes a full corporate-governance assessment considering areas such as corporate strategy, capital structure, the alignment of management and shareholder interests (including remuneration structures) and socially responsible investment.

Individual investors are also responsible for direct engagement with investee companies as their knowledge of, and relationships with, these companies mean that they are best placed to raise any stewardship concerns. Dealing with the various governance and engagement issues that arise over time forms an integral part of our analytical work; material issues arising would typically be discussed with other investors while routine matters would be dealt with the investor responsible for an individual stock unless it was deemed a "conflict security".

Stewardship policies are reviewed and approved by the Executive Committee on an annual basis.

3. Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

We recognise the importance of identifying potential conflicts of interest inherent in our business and the need to have adequate systems and controls to avoid them or mitigate their impact on clients. Situations that could lead to conflicts are included in our Conflicts of Interest Policy. This includes key conflicts which may impact upon the ability or motivation for a portfolio manager to focus on companies which are in our portfolio or which we are monitoring, e.g. staff personal-account dealing or outside business interests. This policy is reviewed on a periodic basis by our Conflicts of Interest working group.

We try to avoid becoming 'insiders' unless there appears to be a clear route to influencing the outcome favourably for our clients. Should we agree to be, or inadvertently become, an insider, the security concerned is immediately placed on the 'STOP' list. Once the information is made public, Compliance will authorise the removal of the 'STOP' trading restrictions.

We give priority to client interests when making decisions and have developed a policy for managing conflicts of interest associated with proxy voting. Where a potential conflict of interest arises, at least two of our Investment Managers must agree on the voting strategy and, in addition, our Compliance area must also review and approve the final voting decision. This is tested at least annually as part of the compliance monitoring programme.

4. Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

We identify material risks to our business as part of the risk-management programme, including market-wide and systemic risks.

Heronbridge's investment process is bottom-up. We believe investment risk is best controlled by owning a diversified portfolio of well-financed businesses that boast a durable competitive advantage and are attractively valued. We consider a number of risk factors, including the impact of possible structural change, during the research process, and monitor these over time. We monitor the portfolio structure against a number of guideline parameters to ensure appropriate diversification.

5. Signatories review their policies, assure their processes and assess the effectiveness of their activities.

We review stewardship policies on at least an annual basis, and also review the internal Key Operating Procedures. The investment process is also subject to annual review to evaluate results and identify any potential improvements. The compliance monitoring programme also tests the procedures in these areas. We respond to

any questions raised by clients and incorporate any improvements identified through feedback, evaluation of the investment process and any monitoring findings.

Investment approach

6. Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

We manage a long-only, unconstrained UK Equity product. In terms of assets under management ("AUM"), as at 31 December 2023 we were managing a fund for UK and non-US investors (72% of AUM), a fund for US investors (16%) and two segregated accounts (12%), the composition of which is substantially the same. Charities, foundations and endowments accounted for 39% of AUM, family offices, private banks and wealth managers accounted for 31% of AUM and other investors including pension funds, insurers and high net worth individuals accounted for 30% of AUM.

Our philosophy is to remain a small, client-focused organisation as we believe this to be the best structure for ensuring alignment with clients and the best platform for stable, long-term, investment management thinking. Our investment approach is long-term in nature, with turnover having been below 20% on an annualised basis since inception in 2005. The dealing process is characterised by low intensity and portfolio positions are often held for many years. This, coupled with the fact that, as 'bottom-up' stock-pickers, we do not engage in macro-economic or stock-market forecasting, means that communication with clients is less extensive than that carried out by many other investment managers: there tends to be a limited amount that is necessary or useful to report.

On this basis, we provide clients with a monthly Factsheet detailing Fund NAV, performance over various time periods, the Top 10 stock positions and the exposure to various industry groups. In addition, we write a quarterly commentary on any completed disposals and/or a number of the portfolio's larger on-going positions. At the start of each year we write an Investment Review, looking at the key factors impacting the previous year's intrinsic-value growth and stock-market returns, and setting them within a longer-term context.

Clients may receive a quarterly summary of proxies voted or not voted by contacting our Client Services representatives and asking to be included on the quarterly proxy voting distribution list. Save as required by law or other regulation, we do not provide other third parties with information on how we have voted client proxies. We do not subject our proxy voting systems and/or procedures to review by our auditors or any independent third parties as we believe this to be unnecessary, given the simplicity of our business structure, and the sophistication of our institutional client base. Questions on the UK Stewardship Code Statement, Proxy Voting Policy and/or ESG & Sustainability Statement should be referred to our Compliance Officer, Katie McMahon at katie@heronbridge.com.

7. Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

We recognise that we have a fiduciary duty to act in the best interests of our clients. Our objective is to maximise our clients' wealth by maximising the intrinsic value of their investment portfolio over the long term.

The manner in which stewardship and material environment, social and governance issues are integrated into our investment process is described in the ESG & Sustainability Statement in Appendix 2.

8. Signatories monitor and hold to account managers and/or service providers.

We review the quality of services provided by external research providers formally on an annual basis. If the provider fails to meet expectations, we will terminate the relationship and consider an alternative provider. We do not use proxy advisors, but we use vote-instruction processing services. The voting process is subject to multiple levels of verification to ensure votes are processed as instructed.

Engagement

9. Signatories engage with issuers to maintain or enhance the value of assets.

We take an active approach to the rights and responsibilities of share ownership. We engage closely with the companies in which we invest and, where appropriate, will communicate our views to senior management and/or the Board of Directors. This dialogue allows us to monitor the development of companies' businesses, including areas such as overall strategy, business planning and delivery of objectives, capital structure, proposed acquisitions or disposals, corporate responsibility and corporate governance.

We seek to satisfy ourselves, to the extent reasonably practicable, that the investee company's board and committee structures are effective, and that independent directors provide adequate oversight. Our monitoring of investee company strategy, operational, governance and management performance and capital allocation is integral to our investment process. Company discussions occur both before and after investment, and regularly when it is a portfolio company.

We monitor the effectiveness of our engagement with the management and boards of investee companies, and this will be taken into account when taking proxy voting decisions. In accordance with applicable law and internal document-retention policies, we keep physical or electronic records of material engagements, voting and other corporate governance and corporate responsibility activities, including the rationale for voting decisions.

We vote the vast majority of our client shares by proxy. However, we will, in exceptional circumstances, attend meetings where we have large holdings and/or where a contentious issue is being discussed. We will introduce AGM and/or EGM motions where we believe it is in the best interest of our clients to do so.

We wish to maintain our ability to deal in the securities of a particular company at all times. In the event that Heronbridge staff are made 'insiders', however, we follow our internal compliance procedures governing market abuse and insider dealing.

10. Signatories, where necessary, participate in collaborative engagement to influence issuers.

Subject to regulatory requirements and restrictions surrounding the treatment of conflicts of interest and acting in concert, and where it is in the best interests of our clients to do so, we will participate in collaborative engagement activities. These are considered on a case-by-case basis.

11. Signatories, where necessary, escalate stewardship activities to influence issuers.

We prefer to have confidential and private discussions with companies, as we believe this enables us to build effective relationships with boards and management whilst also ensuring continuity of discussion if there is a need to escalate a particular issue.

We recognise that we operate in a shareholder democracy and that the most effective method for advancing our clients' interests may vary, depending upon the particular circumstances of individual cases. However, where it is necessary to protect our client investments, we will consider engaging in more public communications and/or proxy activities. This may include voting against the management or board of an investee company on a given motion, issuing a press release documenting our opposition to a given proposal, recommending to other shareholders that they take a specific action, introducing AGM and/or EGM motions and/or attending meetings in person.

Examples of actions that we have taken in the past include:

- Expressing our concerns verbally with management or the company secretary, as appropriate, indicating the action we wish to be taken.
- Writing to management, explaining our concerns and requesting a response and further discussions.
- Communicating our concerns to non-executive directors, including the company's Chairman, and attending AGMs to express our concerns more widely among the non-executive directors.

- Abstaining or voting against a relevant motion at the company's AGM. When we vote against or abstain on a resolution we engage with the company to explain the reasons and to encourage improvements when appropriate.
- On remuneration issues, abstaining or voting against the remuneration report and/or the remuneration policy when we have unresolved concerns. In subsequent years, should remuneration issues remain unresolved, we have abstained or voted against the re-election of directors who sit on the remuneration committee.

Exercising rights and responsibilities

12. Signatories actively exercise their rights and responsibilities.

We seek to discharge our stewardship responsibilities by ensuring that the boards of investee companies possess certain key characteristics and by adhering to our Proxy Voting Policy and ESG & Sustainability Statement.

We actively monitor and, where it is deemed appropriate, engage in dialogue with our investee companies. These discussions may take place with management and/or at board level. Our belief is that active ownership – in the form of rigorous and long-term orientated analysis of investment prospects and holdings, proactive exercise of shareholder rights, and constructive engagement with boards and management – can improve discipline, accountability, and long-term returns to shareholders.

Our Proxy Voting Policy is attached to this document as Appendix 1. We do not outsource any part of our proxy voting decision making. This information is also included in Heronbridge's SEC Form ADV Part 2 and in the Offering Memorandum/Prospectus for our pooled funds.

A high-level summary of Heronbridge's votes and details of those instances in which we have voted against management is set out below:

Heronbridge Voting Summary - 1 January 2023 to 31 December 2023		
Heronbridge voted on 639 resolutions at 35 company meetings		
Number of resolutions where Heronbridge voted with management	443	69.3%
Number of resolutions where Heronbridge voted against management	173	27.1%
Number of resolutions where Heronbridge voted abstained	23	3.6%
Breakdown of votes cast against management or else abstained		
Remuneration, including remuneration policies, and related matters	21	
Election of directors	80	
Capital issuances and shareholder rights	58	

Distribution/allocation of income	1
Routine business	34
Corporate Activity	2
Environmental	0

Significant votes in 2023

Rights issue / Corporate activity

- We voted against a significant takeover by an asset manager because the prospective return was unattractive for the risks taken and it was a distraction from addressing existing low rates of organic growth.

Notice of general meetings

- We have systematically voted against resolutions requesting the authority to hold general meetings at 14 days' notice. In practice, this provides insufficient time for obtaining documentation, analysis, company follow-up, internal discussion and decision-making, to meet a proxy-voting deadline, which is typically at least four days in advance of a meeting. The resolutions proposed at these meetings may be material to the company's investment merits.

Remuneration

- We voted against remuneration policies and remuneration reports across a wide range of companies. Common criticisms include the use of frameworks and performance metrics which we perceive as misaligned with the interests of owners. Schemes generally remain overly complex, too short-term in outlook, and many continue to award compensation based on unsatisfactory or subjective criteria such as Total Shareholder Return (TSR) and individual targets for managers, and ignore others like returns on invested capital in the case of firms pursuing acquisition-led growth.

Share issuance

We systematically vote against resolutions that we believe to be detrimental to the interests of owners:

- Resolutions that allow companies to raise more than 15% of the existing capital base under a pre-emptive rights issue. We believe that high levels of capital issuance should be formally approved by shareholders as and when the time comes, after proper assessment of the rationale, rather than granted in advance.
- Resolutions allowing companies to issue capital without pre-emptive rights beyond 5% of the existing capital base.

Non-Executive Director Shareholdings

- At the beginning of 2023, or prior, we gave notice to all portfolio companies that while we wish non-executive directors to be unconflicted and maintain their professional integrity in the board's decision making, a reasonable equity interest would better align them with external shareholders. We suggested all non-executives should either own or be progressing towards a shareholding equivalent to one year's fees; we would automatically vote against those non-executives not making demonstrable progress

unless there were extenuating circumstances. During 2023, we voted against the re-election of a number of non-executives who were not making sufficient progress.

Appendix 1

Proxy Voting Policy

Heronbridge Investment Management LLP ("Heronbridge") considers it to be of paramount importance when assessing proxy voting responsibilities on behalf of its privately offered commingled funds and any separate account clients (collectively defined as "Clients") to recognise the fiduciary responsibility it assumes in acting as investment manager. It is Heronbridge's policy, subject to the considerations described below, to use its commercially reasonable efforts to vote proxies arising on all shares held on behalf of its Clients and to exercise its proxy voting obligations with a view to enhancing its Clients' long term investment returns.

Standard issues typically arise at Annual General Meetings ("AGMs") or Ordinary General Meetings ("OGMs"). Standard issues may include items of a routine nature such as the presentation of financial statements to shareholders, approval of the remuneration policy, approval of the remuneration report, approval of routine executive compensation or incentive plans, approval of financial statements by shareholders, election of directors and approval of directors' fees, election of auditors and approval of audit fees, and declaration of dividends.

Material issues may arise at Extraordinary General Meetings ("EGMs"), Special General Meetings ("SGMs"), OGMs or AGMs. Material issues may include items that relate to corporate governance matters; changes in a company's country of incorporation; mergers and other corporate restructurings; anti-takeover provisions such as staggered boards, poison pills, or supermajority provisions; changes to capital structures including increases and decreases of capital and preferred stock issuance; material stock option, management compensation, or incentive plan issues; and social and corporate responsibility considerations. Heronbridge also considers standard issues to be material issues when it has knowledge that a potential conflict of interest with management is present. These situations can arise where Heronbridge manages a portfolio company's assets, a portfolio company or one of its affiliated entities is also a brokerage counterparty to a Client's security or foreign currency transaction or where the person responsible for overseeing investments at a Client that is invested in one of Heronbridge's privately offered commingled funds is also a director or officer of a portfolio company that would materially benefit from any executive compensation or incentive scheme subject to shareholder vote. Please note however, that Heronbridge may not be aware of the roles performed for portfolio companies by underlying investors holding Units in Heronbridge's privately offered commingled funds. Unitholders are requested to notify Heronbridge of any known affiliations with publicly traded companies that could fall within Heronbridge's investment universe. Unitholders are also requested to notify Heronbridge if they are actively involved in the financial services industry or affiliated or employed by an investment bank, broker/dealer, depositary, custodian or asset management firm.

The Northern Trust Company and Northern Trust Fiduciary Services (Ireland) Limited (collectively defined as "Northern Trust") act as the custodian/depositary of Heronbridge's privately offered commingled funds and hold all securities owned by the commingled funds for the benefit of their underlying investors. Northern Trust has outsourced certain of its proxy processing responsibilities to Broadridge, a leading provider of proxy voting services. Broadridge principally provides Heronbridge with details of meetings and vote instruction processing services. Meeting notifications are provided according to an established service level agreement in place between Northern Trust and Broadridge and one in place between Northern Trust and Heronbridge. Heronbridge does not outsource any part of its proxy voting decision making process to Broadridge or Northern Trust. Longer term and temporary separate account clients generally name their own custodians who may use a different provider of proxy processing services and may occasionally direct Heronbridge with respect to proxy voting issues.

Following receipt of proxy voting materials from Broadridge, Heronbridge's administration group prepares a "Proxy Voting Summary Form". The form includes the details of the number of shares held by a client, a deadline for the response and a list of resolutions. If only standard issues are included on the proxy, one of Heronbridge's portfolio managers responsible for implementation will decide on how to vote the proxy and sign the Proxy Voting Summary Form. If material issues are included, enhanced procedures apply. The first portfolio manager will discuss the issues with a second portfolio manager, assess the potential impact that the issues may have on the portfolio, and decide on how to vote the proxy in question. Both portfolio managers will then sign the Proxy Voting Summary Form. Once approved, Heronbridge will process the proxy vote electronically using Broadridge's proprietary system.

In certain circumstances, Heronbridge may be unable to vote a specific proxy including (but not limited to) when Northern Trust or Broadridge does not provide a voting service in a given market, because Northern Trust's agent, in error, does not process a proxy or provide sufficient notice of a vote, or because an error is committed by any party involved in the proxy voting or registration process. Heronbridge may also refrain from voting if, for example, it is considering liquidating a position (as shares may be blocked when proxies are submitted), where the costs of voting a specific proxy outweigh the economic benefit that Heronbridge believes would be derived by the Client, where a specific class of shares does not carry voting rights with respect to a given issue subject to shareholder vote, or where re-registration of the shares into the Client's (rather than Northern Trust's nominee) name may (or may reasonably be expected to) result in a violation of local privacy laws or adversely impact the Client's economic interests. Heronbridge may also be constrained by portfolio company-specific issues. Furthermore, some companies in the portfolio may restrict Heronbridge from voting proxies where disclosures of holdings have not been made on a timely basis or in a format required under their articles of incorporation.

Additional information on Heronbridge's proxy voting and corporate governance policies can be found in the Stewardship and Shareholder Engagement Statement on Heronbridge's website (www.heronbridge.com). Clients may receive a quarterly summary of proxies voted or not voted and issues raised at meetings held by portfolio companies by contacting Heronbridge's Client Services representatives and asking to be included on the quarterly proxy voting distribution list.

Appendix 2

ESG & Sustainability Statement

Heronbridge manages a long-only UK equity investment programme. We think of ourselves as long-term owners of a collection of soundly-financed companies with a decent competitive advantage and a credible, sustainable business model. Turnover within our portfolio is low and the average holding period has been over five years; we often own companies for much longer than this and several portfolio positions have been held since inception. Such an extended holding period provides the opportunity to gain a deep understanding of the companies we own, and how they are managed – in many cases we have been owners for longer than the senior management team and directors have been involved in the business. This gives us both the right and the responsibility to try to ensure that the leaders of our portfolio companies set, implement and adhere to a strategy that is viable for the long term, both in an economic sense and in terms of its impact on society more widely.

We seek good companies at fair prices, and fair companies at good prices. Good businesses have time on their side, whereas bad businesses tend also to be bad investments: reckless conduct is often legislated into irrelevance and decline. Activities we would consider 'unsustainable' include those that aggravate climate change or are irresponsible with resources more broadly, those that use enforced or child labour or that pay uneconomic wage rates and, more generally, those where the benefit derived by some is achieved at an unfair cost to others. Whilst the leading examples of 'good' and 'bad' companies are generally well-known both to the investment community and to wider society, most businesses lie somewhere on the spectrum in between. This is a complex area influenced by societal norms (which vary across geographies and which may change over time) and the trade-off between total abstinence and limited consumption from the 'least bad' sources. Contentious business activities (such as doorstep lending, the burning of coal or the manufacture of tobacco products or sugary food and drink, and which may one day include social media, artificial intelligence and some as-yet-unknown innovations) are likely to attract greater regulation, and we factor this into our on-going assessment of a company's quality characteristics, and in particular its competitive advantage and ability to generate the repeatable cash flows which our clients, as owner-investors, seek by way of return.

Whilst it may be convenient to demand that the companies most directly involved in harmful behaviour (with respect to climate change, for example, the fossil-fuel extractors and utility companies) make fundamental changes to what they do and how they go about it, we believe that it is incumbent upon us all, including members of the investment industry, to play our part. At all firms where we are stakeholders on behalf of our clients, but especially at those facing company-specific challenges or operating in sectors or industries that, whilst lawful, are inherently contentious at an environmental, social and/or governance level, we see our task as responsible owners as being to hold management to account, be it regarding operational practices, remuneration policy, succession planning, corporate activity or a more conservative approach to balance-sheet management. Whilst we undoubtedly hold greatest sway at firms where we own a material part of the business, by returning year after year with a consistent and rational agenda for long-term sustainability we have also been able to make an impact even at larger companies where we may be a lone, or minority, voice among the myriad other investors. With time, management come to acknowledge Heronbridge's long time horizon and recognise that the sole purpose of our engagement with them is to make their business, which is also our business, more robust and therefore more enduring. Further details of our governance activities, in particular, are detailed in our Stewardship Code.

Appendix 3

Shareholder Rights Directive II Statement

The Second Shareholder Rights Directive ("SRD"), which took effect in the UK on 10 June 2019, aims to improve shareholder engagement and increase transparency around stewardship. The Firm invests in listed equities and as such we are required to disclose and make publicly available our policies on how we engage with other shareholders and the companies that we invest in, and how our strategies create long-term value.

SRD & Stewardship Code

The UK Stewardship Code (the "Code") was established by the Financial Reporting Council in 2010. UK authorised asset managers have been required under the rules of the Financial Conduct Authority to produce a statement of commitment to the Code or to explain why it is not appropriate to its business model.

Unlike SRD, which applies to investments in listed equities globally, the Code focuses on investments in UK companies only.

Heronbridge's Approach to SRD

Asset managers that are authorised by the Financial Conduct Authority (the "FCA") are required under the FCA's Conduct of Business Rules ("COBS Rules") to either:

- publicly disclose an Engagement Policy and a public statement on an annual basis on how the Engagement Policy has been implemented; or
- publicly disclose a clear and reasoned explanation of why the Firm has chosen not to make these disclosures.

Heronbridge believes its UK Stewardship Code Statement provides sufficient detail on its engagement policies as required under the COBS rules. Heronbridge has chosen not to publicly disclose, on an annual basis, how its engagement policy has been implemented. Heronbridge does not believe it is necessary or appropriate for such information to be publicly disclosed given the size of its holdings in portfolio companies and the nature of its client base.

This Statement is reviewed annually and updated where necessary to reflect changes in circumstances and actual practice. Should the Firm's position change we will review our commitment to SRD and make appropriate disclosure at that time.