

SHAREHOLDER ENGAGEMENT POLICY AND ESG POLICY

CAMROSE CAPITAL INVESTMENT PARTNERS LLP

17 December 2024

INTRODUCTION

In this document Camrose Capital Investment Partners LLP (“Camrose Capital” or “we”) provides important information regarding our interaction with the management of our investee companies for the benefit of our clients and investors, and how Environmental, Social and Governance (“ESG”) matters are integrated into our investment processes.

Camrose Capital is authorised to provide discretionary investment to unauthorised alternative investment funds (“AIFs”) and to professional clients. We manage the Camrose Equity Feeder Fund Limited and the Camrose Equity US Feeder Fund LP (together the “Feeder Funds”) which invest all their assets in the Camrose Equity Fund Limited (the “Master Fund”), (together the “Funds”). Consequently, engagement with investee companies and Camrose Capital’s ESG Policy is implemented at the Master Fund level, which is considered as a single client.

In Section 1 we provide our Shareholder Engagement Policy pursuant to the UK version of the EU Shareholder Rights Directive II. In Section 2 we describe how ESG matters are integrated into our investment process.

I. Shareholder Engagement Policy

In accordance with the FCA’s implementation of the EU Shareholder Rights Directive II (“SRD II”), we describe how we engage with the companies in which we invest on behalf of our clients, including how we monitor these companies, and how we disclose certain of our voting activities in respect of these companies.

➤ *Our investment strategy*

We are long-only investors in global quoted equities. We expect to generate attractive long-term returns by curating a concentrated portfolio of companies we consider to be of high quality, bought at prices we deem reasonable and held over many years. We only invest in companies that we expect to earn high returns on capital in cash and possess business characteristics that should help insulate them from competition and other external factors. This should ensure their returns remain high for the foreseeable future.

Our companies must be governed and managed by a leadership team whose incentives are aligned with shareholders. They must lead by nurturing a culture of excellence, accountability and performance that permeates throughout the organisation. They must also demonstrate effective capital allocation to ensure that the superior characteristics of the business accrue to shareholders.

Our preferred combination of quality, leadership capability and reasonable valuation is rare - we only own around 15-20 stocks at any time. Our preference is to buy and hold great businesses for the long term which will lead to our portfolio turnover being very low by industry standards.

➤ *How we integrate shareholder engagement into our investment strategy*

In effect, we subcontract our portfolio to the boards and managers of the companies in which we invest. For our portfolio to continue to compound over time, we need the leadership teams and employees of our companies to be appropriately incentivised to make the investments required to underwrite growth at high sustainable returns over the long term. An essential part of our investment process is engaging with company management to understand their strategic and operational priorities, incentives and governance. We have regular interactions with management through self-initiated meetings, proxy engagement and company-led non-deal roadshows. We also attend company shareholder events such as investor days.

In scrutinising a company as a potential investment, should we find that there is a major disagreement over strategy, operating philosophy, governance or capital allocation, our practice is simply not to invest in the first place. If such divergence develops after we have invested in a company, then we will consider selling the holding.

➤ *How we conduct dialogue with investee companies*

Camrose Capital has no operational or capital control over its investee companies and does not invest in companies requiring strategic or operational intervention. Our engagement with our companies is for the purpose of maintaining a deep understanding of their strengths, weaknesses, opportunities and threats. While we would expect our company management teams to benefit from understanding how long-term shareholders think about their business, our intention is not to directly participate in the formulation of their business decisions.

In the case of engagement related to proxy proposals, we focus on whether a proposal is likely to strengthen the issuer's business and benefit its shareholders over the long-term. In the case of engagement related to "say on pay" votes in particular, we consider whether the proposed compensation program fairly compensates management for past performance and incentivises executives to focus on long-term shareholder value creation.

We do not wish to be restricted by the receipt of material non-public information. Our dialogue with companies is conducted in such a way as to manage and mitigate the risk of being in possession of material non-public information.

➤ *How we exercise our voting and other shareholder rights*

Proxy voting is an important way for us to engage with management teams of our investee companies. We apply our investment philosophy directly into the voting decisions we make for each annual general or extraordinary meeting of shareholders. Our Investment Team is solely responsible for determining how to vote. In particular, we do not utilise the services of an external proxy voting adviser.

All proxies are voted in accordance with our Proxy Voting Policy which has been designed to ensure we act in the best interests of our clients. This policy anticipates that we identify and address any conflicts of interest between Camrose Capital, its staff and its clients.

As our investment philosophy is premised on investing in high-quality companies with strong overall governance, we will typically vote with management. However, where we believe management's recommendations are not in the long-term best interests of shareholders, we will vote against such recommendations.

Other than as required by regulation, we do not publicly disclose our voting record for reasons of confidentiality and to avoid the risk of disclosing sensitive portfolio information. We do provide information on our voting activities to our clients and investors on request.

➤ *How we monitor investee companies*

We continuously monitor investee companies on a range of factors. We assess company strategy, financial and non-financial performance and risk, corporate governance and capital structure. We also review management response to matters important to their employees, customers and other stakeholders, including social and environment issues.

Our ongoing monitoring involves the internal analysis of publicly available data provided by investee companies, regulatory authorities, credit ratings agencies, research providers, consultants and the news media, as well as the input from company meetings and events as described above. We are not constrained by utilising specific benchmarks and external rating agencies although, as appropriate these will be taken into account.

➤ *Cooperation with other shareholders*

We engage with companies directly and on a confidential basis strictly for the purposes of carrying out research and the monitoring of investee companies. We do not seek to ascertain other shareholders' views in relation to our investee companies and it is our practice not to cooperate and/or vote in concert with other shareholders.

➤ *How we communicate with relevant stakeholders of our investee companies*

Communications typically are not undertaken with stakeholders e.g. company employees, trade unions, customers, suppliers, or debt holders. However, in the event that this was considered appropriate, communication would be undertaken in the same way and with the same controls as if we were talking to the company itself.

➤ *How we manage actual and potential conflicts of interest in relation to our engagement*

We have a duty to place the interests of our clients before our own and as such we maintain policies designed to avoid or manage conflicts of interests. The key policies that we have adopted which address potential conflicts of interests that may arise in relation to our shareholder engagement include our Code of Ethics, Conflicts of Interest Policy and our Proxy Voting Policy, as well as policies relating to the UK Bribery Act and market abuse, including insider dealing.

Our Code of Ethics, *inter alia*, places a strict prohibition on our executive staff, and their related persons, from direct trading in equities and/or, for all staff any security that is on our restricted list, in the unlikely event that we have been made an ‘insider’. All permitted personal trades in securities are subject to pre-approval by our Chief Compliance Officer.

It is our policy that our staff may not engage in any external business activities or associations that are inconsistent with operating in the interests of our clients. We do not permit our staff to hold any executive position with an investee company. We also require our staff to report any instance of a family member serving as an officer, director, or partner of a public or private company so that we may assess and manage any conflicts of interest arising.

Additionally, our staff may not accept from any person any benefit or inducement which might be seen as conflicting with their duties to Camrose Capital or to any of our clients. We permit minor non-monetary benefits such as conferences/seminars/training events relevant to our investment business, and hospitality of a *de-minimis* value. Business entertainment and gifts are similarly subject to strict restrictions on value and frequency. All instances of gifts received from or given to third parties, if not *de-minimis*, must be reported, as must all instances of third-party business entertainment.

2. ESG Policy

We consider sustainability risks and opportunities, and the potential impact of such risks and opportunities, on the returns of our investee companies as an integral part of our investment analysis. For this purpose, a “sustainability” risk or opportunity is an ESG event or condition that, if it occurs, could cause an actual or a potential material impact on the value of an investment, negatively or positively respectively.

➤ *ESG factors considered*

Environmental factors assessed during our analysis include the extent to which climate change might impact a company’s competitive position and growth prospects, and the potential impacts of a company’s environmental footprint and commitments to the same. Social factors assessed may include a company’s ability to attract and retain talent, and the risk that business practices could lead to loss of customers or clashes with stakeholders that impact financial performance. Regarding governance, we evaluate the pedigree and independence of the board, as well as whether the incentive structures for company executives and the broader employee base are aligned with long-term shareholder value creation.

The presence of sustainability risks does not mean that an investment will not be made – the Investment Team will evaluate the probability and potential materiality of negative impacts which could be caused by the sustainability risks. If these are offset by other fundamental factors, then an investment may still be made or maintained.

By taking sustainability risks into consideration in its investment decision-making processes, the intention of the Investment Team is to manage such sustainability risks in a way that they do not have a material negative impact on the performance of the portfolio over and above the risks in relation to the investment which are already highlighted in the “Risk Factors” section of the Fund’s Information Memorandum. The Investment Team believes that the likely impact of sustainability risks on the returns of the Master Fund is moderate. However, no assurance can be given that the Investment Team will be able to avoid and/or mitigate the impact of sustainability risks on the Funds, and losses may be incurred.

➤ *Investment risk assessment*

The Investment Team performs its own fundamental analysis to make judgements about investee companies’ exposure to sustainability risks, utilising corporate ESG disclosures in company regulatory filings and other publicly available materials, as well as third party providers, including rating services (although we do not rely on the latter). This analysis typically occurs both pre- and post-investment.

➤ *Governance of this policy*

Our Management Committee has ultimate responsibility for this ESG Policy and its integration into the investment process.

➤ *Applicable regulation to the firm and the Funds it manages*

The UK FCA’s Sustainability Disclosure Requirements (“SDR”) require Camrose Capital to comply with the anti-greenwashing rule which requires any sustainability-related claims made to be clear, fair and not misleading in communications and financial promotions. The Funds will not be labelled in accordance with the UK’s SDR labelling regime in the event that the SDR regime is extended to non-UK AIFs.

The Feeder Funds and the Master Fund do not fall within the scope of the European Union Regulation (EU) 2020/852 of the European Parliament and of The Council of 18 June 2020 on the Establishment of a Framework to Facilitate Sustainable Investment, and Amending Regulation (EU) 2019/2088 (“Taxonomy Regulation”) and, as a result, the investments underlying the Master Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Camrose Capital is mindful of European legislation contained in the Sustainable Finance Disclosures Regulation (“SFDR”) the Funds are not ESG-related products having as their objective sustainable investment nor do they promote environmental or social characteristics and, as such, could only be

considered the equivalent of “mainstream” Article 6 products. However, sustainability risk assessment remains a part of the Investment Team’s investment due diligence process notwithstanding that there is no sustainability focus and sustainability is not prioritised in the investment strategy.

Whilst we support the policy aims of Article 4 of the SFDR regarding the “principal adverse impacts” of investment decisions on sustainability factors, we do not comply with this regime. This is because the associated research costs would be disproportionate to the risks inherent in the Funds’ investment objectives.

➤ *Endorsement of international ESG frameworks*

Camrose Capital has not endorsed any ESG framework such as Principles for Responsible Investment (“UNPRI”). However, we will continue to monitor international developments in ESG standards and applicable regulation.

➤ *Integration of sustainability risks in Remuneration Policy*

Camrose Capital’s Remuneration Policy includes information on how it is consistent with the integration of sustainability risks. In summary, Camrose Capital’s objective is to ensure that its remuneration policy and practices are consistent with, and promote, sound and effective risk management (including sustainability risks, where applicable). The decision to award any variable remuneration to an employee, and the percentage of profits allocated to an executive partner, are based on an individual’s performance and contribution to the business, which includes a consideration of financial and non-financial criteria, such as compliance with risk management and compliance policies.