

# Engagement Policy

## Overview

Church House is an investment management business focused on the management of discretionary investment portfolios, principally via our range of authorized funds. We aim to act in the best long-term interests of our clients when managing assets and making investment decisions.

Our primary responsibility is, and has always been, to our clients, managing their affairs to the best of our abilities in accordance with their wishes.

Active management of the securities in which we invest on behalf of our clients is central to our approach, with the purpose of safeguarding and increasing value for our clients. As active investors in both the UK and global markets, we place great importance on closely monitoring the companies in which we invest, assessing their fundamental drivers and whether they remain a suitable investment for each respective fund.

While we have always considered that investing in companies with properly sustainable practices and business models, run by people with integrity, as an integral part of what we do, we now aim to formally embed these practices into our investment process in our equity, fixed income and multi-asset class funds, as well as the approach that we take to investing clients' monies. We believe that the importance of ESG has never been more prominent and this manner of thought is shared across the firm as a whole.

## Engagement & monitoring investee companies

We are long-term shareholders and so, in some cases, have been in communication with companies over many years. Our active-management approach promotes ongoing research with investee companies. We attend company presentations, engage in one-to-one meetings with company management teams, and carry out continuous research and analysis in order to maintain a solid financial picture of the current and future value of stocks we hold, along with their development in ESG matters. When appropriate, we engage in active constructive dialogue with investee companies (via verbal or written communication) and vote at AGMs, EGMs and corporate actions, should this be in the interest of our clients, especially if direct communication with an investee company fails to satisfy our concerns. We question management on financial and non-financial matters and while opportunities for voting with fixed income instruments are limited, we endeavour to apply the above course of action.

## Escalation

In the event that we do have a concern with an investee company, we originally look to address this directly through meeting with the management team, or at least investor relations, of the given company. We would further look into the matter through our own analysis in addition to potentially discussing the matter with an analyst at one of our research providers. If, after taking these steps, we feel that no further action is required and that we have sufficient information then we will take no further steps and simply monitor the situation.

However, if we are not content with what we have heard from management and/or still feel that a given issue requires more attention, our usual course of action would be to write to the Chair of this business and, on occasion, we will arrange a one-to-one with the Chair to express our concern and discuss in more detail. In such a discussion, we would look to prioritise the key issues and communicate these clearly to the Chair. There are also the options to express our concern to the broker(s) of the Company and voting against management.

## Collaboration

On a minority of occasions, and where the above course of action has failed to yield our intended outcome, we may engage with other shareholders. We will only undertake this course of action should we believe it appropriate and in the best interests of our shareholders. This may arise as a result of an unsuccessful private engagement, or where collaboration with a larger shareholder grants us further reach to influence the decisions of senior management and the Board.

In the event that our concerns remain unaddressed after all of the above process has taken place, our usual course of action would be to exit the position as soon as practicable.

## Capital structure

When evaluating a bond, close attention is paid to the risks of various lending structures (senior secured/unsecured subordinated/lower tier) – we primarily invest in investment grade bonds. The bond's duration and maturity, and the length of time it is intended to be held, is closely deliberated. Potential changes to the strength of a company's balance sheet resulting from ESG or financial related issues are assessed, with particular attention paid to any effect on price and volatility. Further to this, our portfolios are highly diversified in order to mitigate specific risk.

## Social and environmental impact and corporate governance

As active, long-term managers, we are able to integrate ESG practices into our investment processes holistically. We look to invest in high quality companies with strong fundamentals and corporate governance, alongside sound ESG practices. While we have an analyst who has a focus on ESG, we believe it important not to segregate ESG discussion from the investment team. In this way, each fund manager embeds ESG into their investment decisions, where it is considered from a risk management perspective.

There are areas where ESG integration spans many asset classes. It is common for our equity fund managers and analysts to discuss mutual holdings with our fixed-income and multi-asset fund managers. This is a mutually beneficial relationship, which allows teams to approach financial, ESG and stewardship considerations from a potentially new angle. While ESG and stewardship are integrated holistically into our investment approach and decision-making process, discussions across teams on the investment desk allows us the opportunity for new insights, in addition to scope for further development of our broader understanding of these companies. This open-dialogue approach allows us to convey a unified view of ESG and stewardship matters when in discussion with investee companies.

# Voting

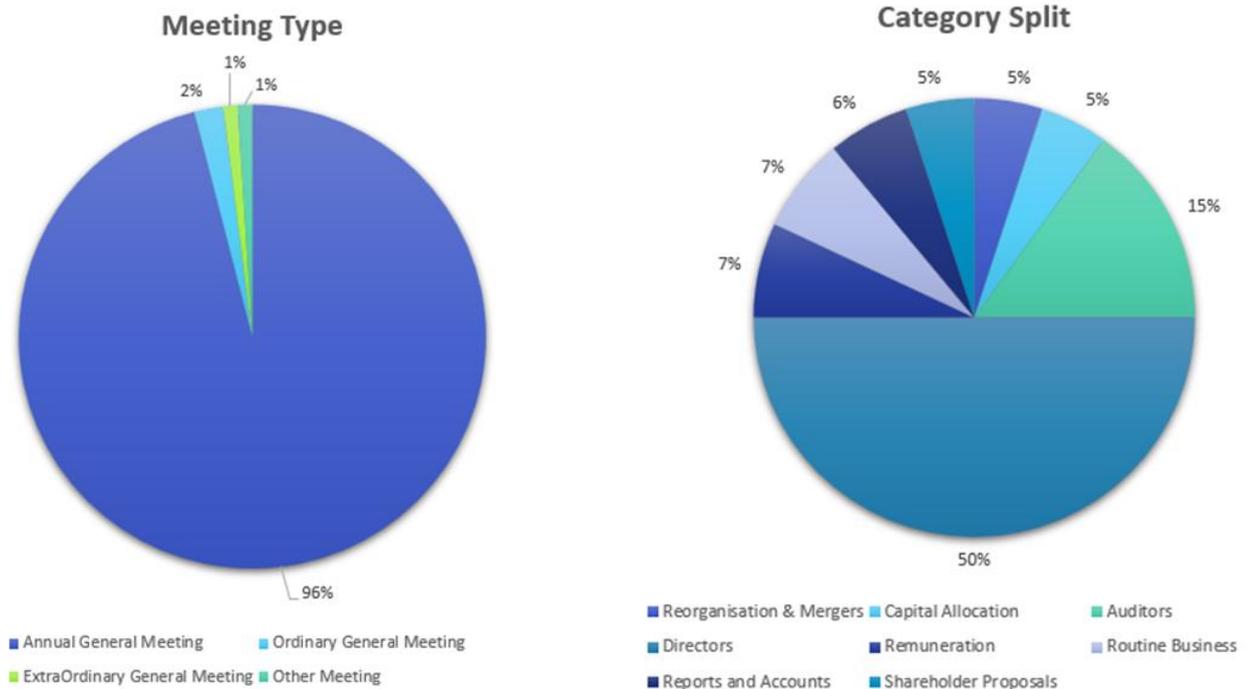
## In-house Voting

At Church House we take our own responsibility for proxy voting and do not outsource any part of the process to third parties. We do this because we see proxy voting as a responsibility that we would like autonomy over and, just as we would not outsource an investment decision, we prefer to keep **voting decisions in-house**.

In comparison to much larger investment businesses, it is unlikely that we would ever have the voting power to change the course of action, unless it is a smaller company. However, we strongly believe in the power of communicating our concerns when required and believe that this is our responsibility as asset managers.

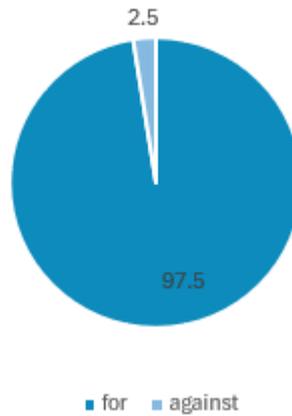
## Voting activity in 2024

During 2024 we voted on a total of 72 events, made up of 1,462 items. 95% of these events were AGMs. Here is the full split of meeting type that we voted on:



We **voted 'against' management** on 37 occasions and 'abstained' twice. Combined that makes it 2.5% of votes where we did not vote with management. In the below pie chart, we have defined voting against management as voting AGAINST, when the management recommendation was to vote FOR, or vice versa. As you can see, we primarily voted in favour of resolutions however we did vote against a number where we felt that the resolutions weren't in the best interest of shareholders. We also took part in voting for and against in resolutions put forward by shareholders.

### Votes FOR or AGAINST the Management Recommendation



Source: Church House Investment Management.  
Data as at 31<sup>st</sup> Dec 2024

### Shareholder Proposals

With the largest majority of our votes against management being on Shareholder Proposals, it is worth delving into an example of the companies and reasons behind these votes.

#### Case Study: Amazon 22<sup>nd</sup> May 2024 AGM – voted against shareholder proposals

As illustrated in the below example, we examined several shareholder proposals covering a range of topics including additional committees, monetary and other internal reports and additional funds received into the business. After consideration within the investment team, it was ultimately decided to vote alongside management and **against** these shareholder proposals:

1. Shareholder Proposal Requesting an Additional Board Committee to Oversee Public Policy
2. Shareholder Proposal Requesting an Additional Board Committee to Oversee the Financial Impact of Policy Positions
3. Shareholder Proposal Requesting a Report on Customer Due Diligence
4. Shareholder Proposal Requesting Additional Reporting on Lobbying
5. Shareholder Proposal Requesting Additional Reporting on Gender/Racial Pay
6. Shareholder Proposal Requesting a Report on Viewpoint Restriction
7. Shareholder Proposal Requesting Additional Reporting on Stakeholder Impacts
8. Shareholder Proposal Requesting a Report on Packaging Materials
9. Shareholder Proposal Requesting Additional Reporting on Freedom of Association
10. Shareholder Proposal Requesting Alternative Emissions Reporting

11. Shareholder Proposal Requesting a Report on Customer Use of Certain Technologies
12. Shareholder Proposal Requesting a Policy to Disclose Directors' Political and Charitable Donations
13. Shareholder Proposal Requesting an Additional Board Committee to Oversee Artificial Intelligence
14. Shareholder Proposal Requesting a Report on Warehouse Working Conditions

Some select reasons why we voted against certain proposals are below:

**Shareholder Proposal: "Requesting Policy to Disclose Directors' Political and Charitable Donations"**

- Under Delaware corporate law board members have fiduciary responsibility to shareholders and must act in their best interest. We sided with management as ultimately Amazon select their directors for their diversity of experience and not their personal beliefs.

**Proposals 1, 2, 4, 13**

- These proposals assume each minutia of the business should have a separate committee but all the subjects proposed above are covered by one or more committees already and covered by their policies give the subjects the due care and attention they all deserve

**Proposals 5,**

- Amazon has previously supplied this information following previous requests

**Outcome**

All 14 shareholder proposals were voted against

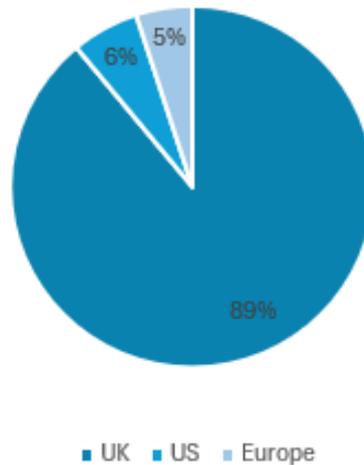
**Voting Coverage of Fund Assets**

**Improved voting process**

**Over 2024 we are pleased to have continued our voting across our fund holdings** with the continuation of our Voting and Engagement Committee and efforts made within the investment team. Whist prior to 2023, voting had been the responsibility of one individual, all investment professionals are now actively engaging in voting and our processes have been improved to reflect this and ensure wider coverage.

## Voting approach by Geography

### Voting by Geography



Source: Church House Investment Management.  
Data as at 31<sup>st</sup> Dec 2024

### UK voting

In 2024, the main areas of voting were for our **UK-listed investments** making up 89% of our votes. Where we have not voted has been due to a constraint on resources, as a small firm, or new holdings added during the year.

### International voting

One challenge has been voting on international businesses. Given that we have six members of our Voting and Engagement Committee and the time that it takes to effectively analyse and vote on resolutions, we have found that **our resources can limit our ability to cover international equities**, particularly mega-cap US companies that require significantly more time to cover than, for example, a smaller cap UK business.

Furthermore, **investor relations and wider company access is harder for these large businesses** and we, as a smaller investment company, do not get the same level of access as our larger asset management peers.

### Individual Clients and Voting

In the event that an individual client has an investment in a segregated account that is not held in any other accounts at Church House and that client wishes to vote on this company, then we are happy to take instruction from this client. This would require specific instruction from the client. For more widely held positions we follow our core process, as outlined above.

However, given the nature of Church House's business model, we run most of our clients via a discretionary fund mandate, and as fund managers, vote on behalf of our clients. Therefore, the likelihood a client may override a house view is minimal.

### Stock Lending

We do not engage in stock lending for any of our assets.

### Fixed Income

Due to the nature of our Investment Grade Fixed Interest Fund being **debt**, we are **unable to vote** on these holdings. We are also unable to vote on our fixed-income holdings within our Tenax Absolute Return Strategies Fund and our Balanced Equity Income Fund.

## Conflicts of Interest

Church House takes all reasonable steps to identify and manage conflicts and potential conflicts of interest between it and anyone associated with the Company and its clients, and between one client of the Company and another client. The Company maintains a policy of managing conflicts of interest which is reviewed at least annually and will take all reasonable steps to manage its affairs to minimise the likelihood of conflict.