Voting & Engagement Policy

DEVON
Equity Management

ENHANCING THE TRANSPARENCY OF INVESTMENT AND ENGAGEMENT STRATEGIES

Document Governance

Document Owner

Name	Role
Richard Pavry	Chief Executive Officer, Chief Compliance Officer and Money Laundering Reporting Officer

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Engagement Policy

Introduction

The Shareholder Rights Directive (SRD) II aims to promote effective stewardship and long-term decision making, by enhancing the transparency of asset manager investment and engagement strategies. This document sets out Devon Equity Management's Engagement Policy, in line with the requirements of SRD II.

Our approach to engagement is also extensively outlined in our ESG Policy and Sustainability Risk Policy. These two documents can be found on the Devon Equity Management ("Devon") website.

Investment Approach

Devon has a fund-manager-led approach, aligned to investment considerations and designed to enhance and protect our clients' capital. Devon's concentrated, long-term approach to investment is key to Devon's investment philosophy and affords ample scope to engage with management teams on issues relating to culture, governance, and enduring sustainability.

As active fund managers, it is central to our investment processes to consider each investment's ability to create, sustain and protect value. Devon expects the management teams and boards of the companies in its investment portfolios to be good stewards of their businesses. Devon looks for them to maximise the long-term prosperity of their company and their shareholders by applying capital in the most effective manner. Environmental, governance and social factors are recognised as material issues to consider when making investment decisions and undertaking stewardship.

Devon does not pursue an exclusionary policy whereby Devon negatively screens potential companies and thereby restrict our investment universe. However, Devon will engage with those companies where Devon feels they are falling short on their responsibilities.

Devon recognises that certain industries and countries with weak environmental or governance structures present additional business risks for prospective investee companies. As part of our diligence process Devon will be aware of where and how such risks exist. If such activities change Devon's risk perception of an industry or company, it may preclude an investment.

Engagement and Monitoring

As active investors, Devon continually monitor each investee company's management and performance across a range of measures as part of our investment process. Devon takes an evidence-based, data-driven approach to monitoring and engagement. Alongside general conferences, company specific monitoring occurs in relation to reporting events, general meetings, and in connection with news and company announcements. Devon draws on a wide range of data, including our own research and third-party research to build up a comprehensive view of performance. This enables investors to identify laggards and the specific areas to target for improvements.

Devon believes that it is essential to question and challenge companies on issues that Devon perceive may affect their value. Devon's investment team seeks to understand how governance factors impact long-term performance. Devon's approach is to try and engage proactively, rather than to react once problems emerge.

There is a continuous programme of meetings with management, chairmen and non-executive directors of investee companies. Discussions may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, risk management, culture, board effectiveness and succession, board composition and diversity, shareholder rights, corporate responsibility, sustainability, remuneration, conflicts of interest, and environmental and social responsibility.

Our engagement activities incorporate the individual perspectives of the investment team to form a well-rounded opinion of each company and the issues it faces. Where Devon seeks to engage with a company over deficiencies, Devon conducts additional due diligence to understand the drivers, and consider:

(i) whether these deficiencies represent a material risk to the investment case, and
(ii) whether the management team have a credible strategy to improve in key areas.

Where Devon judges shortcomings to be within the control of the company (rather than due to a peculiarity or technical flaw in third-party research), Devon will, where possible, engage directly with the management team to address the issues. Our engagement has two aims:

1. Understand why the company currently falls short on certain performance metrics.
2. Learn of the remedial measures the company has in place to address these shortcomings. These aims are not exhaustive and there may be other occasions in which Devon may decide to escalate its engagement.

Intervention will generally begin with a process of enhancing our understanding of the company to grasp our position. The extent to which Devon would expect to effect change will depend on the specific situation. Our aim during engagement activities is to act in the collective interest of all our clients, and thus our focus will be on issues material to the value of the company's shares.

Our mechanism for engagement varies but typically involves one of the following:

- regular one-to-one meetings with management, chairmen and non-executive directors of investee companies;
- phone calls;
- written correspondence;
- discussions with the investee company advisers and stakeholders;
- voting; and
- collective engagement with other investors.

Should initial intervention fail, Devon may consider further escalation by the mechanisms of engagement listed above, and also by:

- withholding support or voting against management; and, in extremis,
- divestment of shares.

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Proxy Voting

Our corporate governance engagement and proxy voting activities involves our investment team voting as they see fit in the interests of the fund and our clients. The Investment Committee provides oversight of the portfolio management process, with independent review and challenge of the investment team's decisions and fund performance.

As active investors, Devon recognise our responsibility to make considered use of voting rights. Devon therefore evaluates voting issues on our investments and vote on them in line with our fiduciary responsibilities to clients. Devon aims to vote on all resolutions unless Devon are restricted from doing so. At the core of Devon's investment approach is finding businesses whose management have proven track records. By this very nature, therefore, Devon's fund managers must have significant confidence in the management's decision-making ability as a prerequisite for holding the investee company. It is for this reason that Devon's default position is to vote with management. Devon do however, reserve the right to vote against management if Devon believe it is our clients' best long-term interests.

For all companies where Devon have voted against a management recommendation, Devon inform them of our decision, the reason behind it and Devon invite future dialogue.

Enhanced engagement strategy for SFDR Article 8 Funds

This engagement strategy outlines the principles and methods through which Devon, on behalf of the Devon Equity Funds SICAV Article 8 sub funds, promotes the transition to a low carbon economy.

Devon's engagement strategy for these funds employs pro-active engagement and responsible ownership practices to encourage investee companies to achieve Net Zero Greenhouse Gas (GHG) emissions by 2050, or earlier. Our approach focuses on targeted dialogue, active governance, and collaborative efforts to ensure the alignment of investee companies with our stated environmental objectives, while also upholding the fiduciary responsibilities to our clients.

1. Emission Reduction Criteria

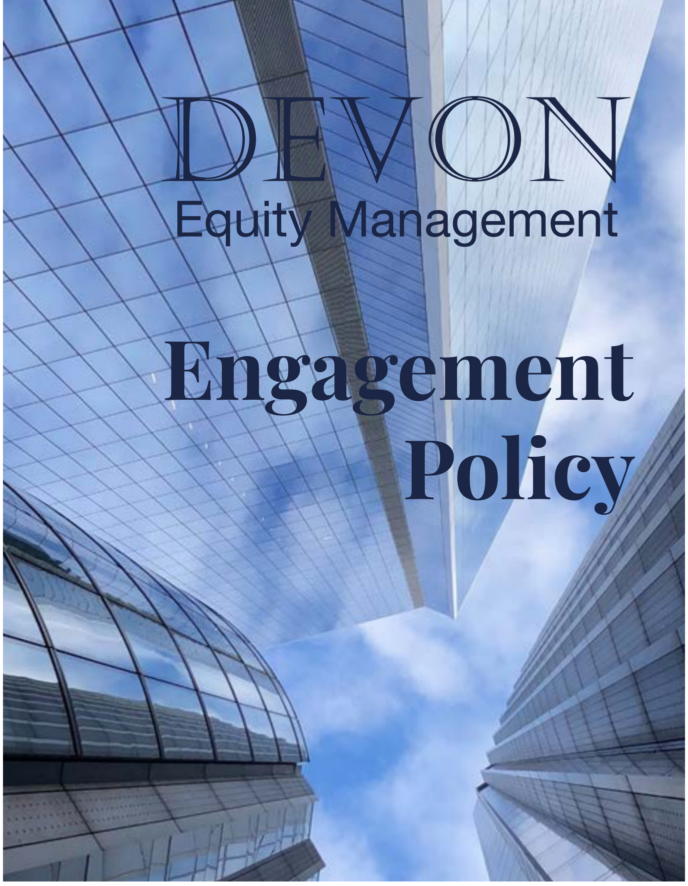
A fundamental component of our engagement strategy is rooted in the careful selection of investee companies. The environmental characteristic promoted by the Sub-Funds is the transition to a low carbon economy by seeking, through engagement and monitoring of investee companies' Greenhouse Gas emissions data, to promote the goal of Net Zero GHG emissions by 2050 or sooner. A minimum of 50% of the Sub-Fund's investment portfolio will be comprised of investee companies reducing their published Scope 1 and Scope 2 GHG emissions relative to revenues as measured by reference to GHG intensity (per investee company) across a rolling three-year average and/or investee companies which have already achieved net zero GHG emissions.

While Devon does not apply an exclusion or divestment policy solely in respect of this criteria, will develop an engagement strategy for each investee company in response to its calculated GHG intensity where progress is deemed insufficient. It will take into consideration performance of each investee company against the sustainability indicator.

2. Active Engagement and Ownership Rights

Devon views engagement as an indispensable facet of our Investment Approach. Our engagement process encompasses both active dialogue with investee company management and judicious use of voting rights.

We actively seek to work with companies and relevant stakeholders to address environmental challenges while safeguarding the financial interests of our clients. This encompasses proxy voting, active governance, and third-party dialogue to advance the transition to a low carbon economy.



3. Guiding Principles

Our engagement activities are grounded in a set of guiding principles:

- **Constructive Relationship Building:** We prioritize forging constructive, enduring relationships with investee companies. This approach capitalizes on the concentrated, long-term nature of our holdings, allowing us to engage with management teams extensively on issues such as culture, governance, and sustainability.

- **Comprehensive Engagement:** Ongoing, comprehensive engagement empowers us to address environmental concerns, offer insights into remedial actions, and where necessary encourage behavioural shifts necessary to realising the net zero commitments of investee companies.

- **Value Creation:** We firmly believe that engagement strategies outperform exclusion-only approaches in terms of value preservation and creation. By actively collaborating with investee companies, we unlock opportunities for enhanced value proposition and sustainable growth.
- **Prudent Resource Allocation:** Our engagement activities are structured to minimize undue costs, both direct and in terms of asset depreciation, ensuring an efficient alignment of interests.

- **Adherence to Best Practice:** We adhere to industry best practices and endorse established codes such as the Stewardship Code of the International Corporate Governance Network (ICGN) and the Principles for Responsible Investment (PRI) Association.

By leveraging targeted engagement, active governance, and strategic collaborations, Devon strives to safeguard the financial interests of our esteemed clients while fostering a sustainable and low carbon future. Our dedication to responsible ownership underpins every facet of our approach, reflecting our resolute pledge to create enduring, positive impact.

Devon's Policy has been designed to avoid obfuscation in favour of tangible commitments. Our policy's stated aim is to target a consistent reduction in GHG intensity driving towards net zero commitments in 2050.

Progress against this goal (and by extension Devon's promotion of the transition to a low carbon economy), is clearly measurable on an annual basis. Where we see Investee companies deviating from the desired trend (i.e. lowering GHG intensity as defined above), we will actively engage with the Management Team to understand the drivers. Where we remain unconvinced of the credibility of long-term commitments to GHG intensity reduction, we will escalate our engagement. Such escalation may take the form of more intense Management interaction and voting against Management resolutions at AGMs (including on executive pay and executive / non-executive re-election).

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Devon Equity Management Limited
123 Victoria Street
London SW1E 6DE

For more information on Devon Equity Management
Visit www.devonem.com