



Hanson Asset Management Limited Engagement Policy

February 2021

Reviewed March 2022

Introduction and Background

The amended European Shareholder Rights Directive II (SRD II), which is applicable from 10 June 2019, includes transparency obligations for European institutional investors as well as European and United Kingdom asset managers to the extent investments in EU equity instruments are made.

SRD II requires Hanson Asset Management Limited (Hanson) to disclose a shareholder engagement policy in respect of the EU equity instruments that it provides portfolio management services for on a 'comply or explain' basis.

This policy accordingly sets out the extent to which Hanson will comply with the engagement requirements of SRD II.

Hanson's investment philosophy is generally to invest for the long-term on behalf of its clients for the purpose of assisting our Clients to achieve their financial objectives.

Although Hanson supports the aims of SRD II which encourages long-term shareholder engagement, Hanson's investment philosophy does not generally include active engagement with EU Listed companies in which we hold investments on behalf of our Clients (Investee Companies), for the reasons set out below.

Hanson is authorised by the Financial Conduct Authority (FCA) and, as such, will act in accordance with the Principles as defined in the FCA Handbook, which will take precedence over the requirements of this policy.

Review of this Policy

This policy will be reviewed at least annually or more frequently in the event of changing circumstances or regulations by Hanson's Management Body, being its Executive Committee. This policy is publicly available on Hanson's website.

SRD II Requirements

We set out below a description of the extent to which Hanson does comply with the SRD II requirements and the reasons why we may not fully comply.

Integration of shareholder engagement into Hanson's investment strategy



Prior to Hanson making an investment in any listed company or Fund for its Model Portfolios or UCITs Funds, its investment team will carry out research and analysis which will include evaluating the company's strategy, financials, risk appetite and the overlaps between these elements. If appropriate and only under extremely rare circumstances, we will engage with management of the company and/or its investor relations team to gain a better understanding of the company, industry and sector that it operates in. The investment team has access to reports, investment research and industry information and may take such information into account when making investment decisions.

The purpose of Hanson's research and engagement as described above is to eliminate potential investee companies which don't fit into Hanson's investment strategy and not to identify potential investee companies that Hanson can engage with for the purpose of influencing the strategy of those companies.

All Hanson's investment activity is performed by the investment team and overseen by the Investment Committee.

Monitoring of investee companies on relevant matters:

Once an investment has been made, the investment team continues to monitor the financial and non-financial performance of Investee Companies for the duration that the investment is held and will monitor the strategy, financial and non-financial performance and risk and capital structure, through financial analysis of the Investee Company's reports, by attending analyst meetings, investor presentations and using media and third-party research. Any concerns that arise as a result of this monitoring will result most likely in a liquidation of an investment.

In addition, external research enables the investment team where considered appropriate for a Client, to consider Environmental, Social and Governance (ESG) factors for bespoke Client portfolios (although these factors are not currently considered key with regard to the Model Portfolios or the UCITs funds), which may then inform subsequent engagement and investment decisions.

Dialogues with Investee Companies

Hanson has an outcomes-based philosophy underpinning our approach to engagement. The majority of dialogues that form Hanson's engagement with Investee Companies are conducted by the investment team with the management and/or the investor relations. We would consider the extent of the engagement required, if any, with the Investee Company based on our investment policies, the nature of our Clients who are invested, the size of our holdings, materiality of the risks and issues and the feasibility of achieving change or influencing the Investee Company through engagement.



The nature and frequency of the dialogue depends on the location of the Investee Company, stage of engagement, severity of the issue and willingness by the Investee Company to engage.

Generally, our engagement activity is limited and practically non-existent as we invest in very large and liquid companies so our relative shareholding size tends to be small.

Exercising voting rights and other rights attached to shares

Hanson would not as a general policy exercise any voting rights on behalf of its discretionary clients, given that its shareholding will be small as most of the investments will be in mid to large-cap entities, although it will do so if specifically requested by a Client to do so or we believe it would be beneficial to our Clients to do so. As Hanson's does not trade on its own books there are no rights to be exercised

Cooperation with other shareholders:

Hanson may in extremely exceptional circumstances collaborate with other shareholders, when Hanson believes that the interests of its Clients are aligned with those of other shareholders and there is a material issue at stake and that such collaboration:

- may enhance its ability to engage with the Investee Company; and
- may enable Hanson and/or the other shareholders to influence the actions and governance of the Investee Company to achieve the desired outcome for our clients.

Communication with relevant stakeholders of the Investee Companies

Hanson's activities may in exceptional cases and only where the size of the shareholding that Hanson is managing, warrants and/or requires such engagement, include discussions with relevant stakeholders of Investee Companies.

Potential conflicts of interests in relation to Hanson's engagement

We actively identify, report and mitigate conflicts of interest. When any staff member recognises a potential conflict of interest with an Investee Company in which they are engaging, he or she must raise this with their line manager and Compliance.

Potential conflicts of interest may arise where a Hanson member of staff has a personal interest in the same Investee Company as a Client either as a result of an investment in the Investee Company or as a result of a material personal relationship with a material person at the Investee Company. Our Conflicts of Interest Policy which can be provided upon request which sets out the processes to avoid or mitigate the risk of any such potential conflicts.



HANSON

ASSET MANAGEMENT

Where a staff member has a personal connection with a company, he or she is required to report this to Compliance.

Transparency

Annual implementation of this Engagement Policy

Since it is not Hanson 's intention to exercise voting rights on behalf of Clients unless specifically instructed to do so, it is unlikely that Hanson will have any information to disclose regarding its voting behaviour but to the extent that it has exercised any voting rights on behalf of any of its discretionary Clients, it will make such disclosures as required by the applicable law.