

Shareholder Rights Directive II (SRD II) Engagement Policy

February 2025

Contents

| | |
|--|---|
| Introduction | 3 |
| Scope of this policy | 4 |
| Governance and Review | 4 |
| SRD II - Engagement policy disclosure | 5 |
| Annual disclosure obligations | 5 |
| Annual disclosure on behalf of SRD institutional investors | 6 |
| Integration of shareholder engagement in James Sharp’s investment strategy | 7 |
| Monitoring Investee Companies | 7 |
| Engagement with Investee Companies | 8 |
| Voting Rights and Voting Disclosure | 8 |
| Engagement and Cooperation with other shareholders | 9 |
| Conflicts of Interest | 9 |

INTRODUCTION

The Shareholder Rights Directive II (SRD II) is a European Union directive aimed at enhancing stewardship and long-term shareholder engagement by imposing transparency obligations on institutional investors (such as insurers and pension funds) and asset managers to the extent investments are made in shares admitted to trading on UK and European Economic Area (EEA) regulated markets, with the UK extending the requirements to include comparable markets situated outside the EEA.

As an investment firm providing portfolio management services to customers, James Sharp & Co. LLP (“James Sharp”) is considered an asset manager. This document comprises James Sharp’s SRD II Engagement policy. This is in line with the requirements of SRD II and the Financial Conduct Authority’s (FCA) Conduct of Business Sourcebook Rules (COBS 2.2B SRD requirements).

SCOPE OF THIS POLICY

This policy applies to James Sharp & Co's discretionary investment management services, including to retail investors, to the extent investments are made in shares admitted to trading on UK and EEA regulated markets.

James Sharp & Co primarily manages assets of retail investors. However, we consider it is in the best interests of all our customers to disclose our policy on engagement with investee companies and how voting rights are exercised in relation to investments held on their behalf. James Sharp & Co believes that effective stewardship and engagement benefits companies, investors and the economy. James Sharp & Co's approach is customer centric, and its philosophy is based on meeting its customers' wishes, requirements and their appetite for risk to invest in what is suitable for them.

James Sharp & Co does not have an engagement policy on shares traded on comparable markets outside of the EEA, however, where it is possible to effectively engage in these markets the aim is to do so in accordance with this policy.

GOVERNANCE AND REVIEW

This Engagement policy will be reviewed at least annually, or when a material change occurs, and will be subject to approval by the Operational Board.

The policy is available on James Sharp & Co's website.

SRD II - ENGAGEMENT POLICY DISCLOSURE

Under the SRD II, James Sharp & Co is required to disclose a shareholder engagement policy or provide a clear and detailed explanation why we are not able to meet compliance.

In accordance with our disclosure obligations this policy provides information on how we:

1. Integrate shareholder engagement into our investment strategy;
2. Monitor investee companies on relevant matters, including:
 - a. Strategy;
 - b. Financial and non-financial performance and risk;
 - c. Capital structure; and
 - d. Social and environmental impact and corporate governance.
3. Conduct dialogues with investee companies;
4. Exercise voting and any other shareholder rights;
5. Cooperate with other shareholders;
6. Communicate with relevant stakeholders;
7. Manage actual and potential conflicts of interests in our engagement.

ANNUAL DISCLOSURE OBLIGATIONS

As part of the SRD II's disclosure requirements, where applicable we will disclose annually via the website the following information:

- The engagement policy's implementation;
- A general description of voting behaviour;
- An explanation of the most significant votes;
- The use of the services of proxy advisors; and
- How the firm cast votes in the general meetings of companies in which it holds shares (unless these votes are considered insignificant due to the subject matter of the vote or the size of the holding in the company).

For the purposes of this policy, the term 'most significant votes' is defined as the size of our shareholding as a proportion of an issuer's total voting rights. Shareholdings of 3% or more of the issuer's voting rights will be considered significant votes and will be subject to annual disclosure on our website.

ANNUAL DISCLOSURE ON BEHALF OF SRD INSTITUTIONAL INVESTORS

An Institutional investor caught by the Directive is generally an undertaking carrying out the activity of life assurance and/or of reinsurance, provided that those activities cover life-insurance obligations, or an institution for occupational retirement provision. If you are unsure whether you are an institutional investor, please contact your investment manager at James Sharp & Co.

The firm will disclose the following information, where applicable, annually where the firm invests on behalf of SRD institutional investors, whether on a discretionary customer-by-customer basis or through a collective investment undertaking.

The disclosure must include reporting on:

- How the investment strategy and its implementation align with the mandate in place;
- How the investment strategy contributes to the medium to long-term performance of the institutional customer's assets;
- The key material medium to long-term risks associated with the investments;
- Portfolio composition, turnover and turnover costs;
- The use of proxy advisors for the purpose of engagement activities*;
- The policy on securities lending and how that policy is applied to support the firm's engagement activities, if applicable, particularly at the time of the financial performance;
- Whether and how we make investment decisions based on evaluation of medium to long-term performance of an investee company, including non-financial performance; and
- Whether conflicts of interests have arisen in connection with engagement activities and how we have dealt with these conflicts.

**James Sharp & Co does not use a proxy voting adviser for the purpose of engagement activities.*

INTEGRATION OF SHAREHOLDER ENGAGEMENT IN JAMES SHARP & CO'S INVESTMENT STRATEGY

James Sharp & Co manages investments across a wide range of financial instruments. These are principally managed by qualified investment managers working as individuals or in teams.

Each individual or team is responsible for maintaining close engagement in the relevant investments and, where these pertain to corporations, this will include the maintenance of relations with management and other shareholders.

The level of engagement will tend to be proportionate to James Sharp & Co's significance as a shareholder and, therefore, the scope of engagement will sometimes be limited where corporations are large relative to the size of James Sharp & Co's investment. However, in instances where James Sharp & Co has a significant shareholding, the investment managers seek to maintain a significantly closer relationship with management and other shareholders and will seek to exert James Sharp & Co's influence in a more material way. This occurs typically where James Sharp & Co is a relatively large investor in a relatively small company, or where James Sharp & Co has a specific expertise with respect to a company or industrial sector.

MONITORING INVESTEE COMPANIES

As part of James Sharp & Co's investment process, our investment management teams, including our investment analysts, undertake detailed research and ongoing monitoring of the companies in which we invest to assess the potential for long-term returns.

The investment managers carry out analysis of potential investments and ongoing monitoring with particular focus on the investee company's strategy, performance and risk, strong commitment to governance and management quality.

There are several areas within an investee company's strategy that are taken into consideration, such as proposed acquisitions or disposals and business planning that may affect its value and risk.

A key element of the investment research is to build a better understanding of the investee's company balance sheet and anticipated financial performance, including long-term performance and capital structure.

During James Sharp & Co's Investment Committee meetings, members will review and discuss potential and existing investments.

Our individual investment teams may employ different styles and strategies when conducting monitoring or engaging with investee companies.

ENGAGEMENT WITH INVESTEES COMPANIES

Prior to making an investment, the investment management team will research the investee company being considered.

Whenever possible, the investment team will meet with Investee Company management with the aim of assessing the indicators of possible future success, such as, but not limited to:

- Valuation of stock;
- Sustainability of the company's business model;
- Possible risks to the business and the sector;
- Likelihood of business growth;
- The company's alignment with its shareholders' interests.

Our customers are invested across a variety of securities in line with investment strategy. therefore, the scope of engagement with Investee Companies is often limited. In some cases, management is not made available directly, but we may seek to influence management strategy through other stakeholders, such as via the company appointed brokers. If we can engage with investee companies, the engagement will be conducted by senior members of the investment teams, who have proven experience and expertise in such matters.

VOTING RIGHTS AND VOTING DISCLOSURE

James Sharp & Co's approach on voting rights is set out in the Terms of Service and Business which is provided to all customers.

James Sharp & Co exercises its right to vote on the holdings of discretionary management customers. Decisions over corporate actions, including rights issues, take-overs, etc. will be made on the customer's behalf if they give us discretion to manage their Portfolio.

While James Sharp & Co will adopt a transparent approach in all aspects of its engagement policy activities, in certain circumstances, we will refrain from making public disclosures where the availability of such information is considered not to be in customers' best interests.

Whenever the Firm is notified of a general meeting, non-discretionary customers (advisory, managed advisory, execution only) who hold shares in nominees will be informed automatically via email of their right to vote.

In the circumstances where a discretionary account is managed, the Investment Manager will exercise the discretion to vote.

ENGAGEMENT AND COOPERATION WITH OTHER SHAREHOLDERS

We recognise that there may be occasions where it will be appropriate to work with other shareholders to effect positive change. James Sharp & Co is willing to act collectively with other investors; however, this will be considered on a case-by-case basis. Collaboration with other investors must always be conducted in compliance with applicable law and regulations.

In all circumstances, we will act in the best interests of our customers ensuring that we treat all customers fairly.

CONFLICTS OF INTEREST

We take all reasonable steps to identify, mitigate and manage conflicts of interest between the firm and our customers, customer versus customer conflicts, individual versus customer conflicts to ensure we act in the best interests of our customers.

James Sharp & Co's conflicts of interest's arrangements are outlined in the Conflicts of Interest Policy which is available on our website.



James Sharp & Co.
The Exchange
5 Bank Street
Bury Lancashire BL9 0DN

Tel : 0161 764 4043
Fax : 0161 764 1628
DX : 20536 Bury
E : mail@jamessharp.co.uk

Authorised and regulated by the
Financial Conduct Authority

Member of the
London Stock Exchange

Member of Nexexchange

Member of PIMFA

James Sharp & Co is a trading name of James
Sharp & Co LLP (OC422665)
Members of the LLP are referred to as Partners