



CHELVERTON
ASSET MANAGEMENT

ENGAGEMENT AND VOTING REPORT QUARTER 1 / 2022

INTRODUCTION

The following report outlines the Chelverton Asset Management Ltd (“CAM”) engagement and voting record for the first quarter of 2022.

This report is intended to be read in conjunction with our Shareholder Engagement and Voting Policy, and Engagement Plan 2022. Both are available to view on our website.

Shareholder engagement is purposeful dialogue with companies on matters such as strategy, performance, risk, capital structure and corporate governance including company culture, remuneration and matters relating to environmental and social issues.

Shareholder voting is the exercise of voting rights in support, abstention or against both management and shareholder resolutions at shareholder meetings.

Engagement and voting are central to the CAM investment approach.

Interested parties requiring further information regarding our approach to engagement and voting should contact our Responsible Investing Manager, Sally Clifton at sdc@chelvertonam.com or Corporate Governance Manager, Gregor Macdonald at gcm@chelvertonam.com

Engagement Record:

In the first quarter of 2022 CAM’s investment managers attended over 115 meetings with individual companies within our UK and EU investment universe, supported by CAM’s corporate governance manager and responsible investing manager.

The focus of discussion during these meetings ranged from trading, performance, and strategy updates with executive teams, to discussions with non-executive board members regarding board composition, committee structures and executive remuneration. Additionally, we participated in meetings with company investor relations or sustainability experts canvassing opinions regarding company environmental, social and governance (ESG) material risk matrix, or garner feedback on proposed sustainability development plans.

During the quarter CAM agreed the continuation and progression of our Engagement Plan 2021, publishing a revised Engagement Plan 2022 outlining developments. The Plans are designed to ensure informed focus on material ESG issues alongside financial factors during our company interactions and effective communication of our management expectations.

Plan progression includes revisions to our ESG management expectations to reflect the current operating environment and likely change trajectory, most notably in relation to energy efficiency and the management of climate impacts, talent management and the management of diversity, equity and inclusion, and the addition of meaningful ESG targets within remuneration packages to ensure progress alongside financial targets.

In addition to company meetings, during the first quarter we wrote to 19 new portfolio companies, outlining our ESG management and disclosure expectations and asking questions regarding the identification and management of ESG risks, the level of integration of the company’s sustainability strategy within business strategy, and future priorities in this regard.

Finally, during the first quarter CAM committed to continuing to participate in relevant collaborative engagements that support the needs of small and medium sized companies in their control of market-wide and systematic risk, most notably as investor signatories to the Carbon Disclosure Project (CDP), a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

During 2021 we contributed to the CDP’s Small and Medium Enterprise Climate Action Tracking, Accountability and Acceleration Project, the purpose of which was to develop a streamlined climate

reporting framework designed for smaller and medium sized companies. This resulted in the launch of an SME Climate Disclosure Framework in November 2021. The next stage of this project is to refine this framework and consider the inclusion of further additional modules, and we provided our initial feedback in this regard during the first quarter of 2022.

Voting Record:

During the first quarter the Chelverton UK Equity Income Fund, UK Equity Growth Fund, UK Dividend Trust, and European Select Fund, in aggregate, voted on 637 company resolutions at shareholder meetings*, casting our votes in line with our Shareholder Voting and Engagement Policy.

We voted against 3 resolutions and did not abstain from voting on any resolution during the period.

The breakdown of voting activity between the individual funds in Q1 2022 was as follows:

Fund Name	Resolutions	Vote in Favour	Vote Against	Abstentions
UK Equity Income	142	168	0	0
UK Equity Growth	158	150	0	0
UK Dividend Trust	157	139	0	0
European Select	180	257	3	0
Totals*	637	634	3	0

(* please note that for reasons relating to proportionality votes cast by the Chelverton Growth Trust are omitted. Further details available on request)

Votes cast from 1 January 2022 to 30 March 2022 which differed from the standard procedure of "Vote in Favour", detailed in our Shareholder Engagement and Voting Policy, were:

Novartis - The Chelverton European Select Fund voted against 3 remuneration votes at this Swiss listed company's most recent AGM, applying a UK Corporate Governance Code lens to the proposals. The proposals related to the inclusion of share incentives and pensions payments in non-executive director remuneration packages. Applying a UK lens, we consider share incentives and pension payments made to non-executive board members of a company render them non-independent, hence voting against the resolutions on principle. However, we accept that Swiss governance code conventions do not currently deter such incentives, whilst noticing these awards are diminishing as Swiss corporates converge upon other best-practice European code standards. Ninety-seven percent of Novartis's shareholders supported the proposals, and we have no plan to follow-up our action directly.

During the quarter we have worked to agree revisions to our Shareholder Engagement and Voting Policy, which guides our engagement and voting activities, to further improve the alignment of our activities with the revised best-practice UK Stewardship Code 2020. We plan to publish our revised policy during the second quarter of 2022.