

ENGAGEMENT PLAN 2025

1 Introduction

The following document outlines the context, purpose and structure of the Chelverton Asset Management's (CAM) Engagement Plan 2025, which forms an integral part of CAM's wider investor stewardship activity, supporting the inclusion of material environmental, social and governance (ESG) issues within our company engagements.

As a boutique asset manager largely focused on small and mid-cap companies, we view engagement and voting as core components of our investment process and key to creating long-term value for our clients.

The engagement plan is intended to be read alongside our annual UK Stewardship Code Report, quarterly Engagement and Voting Reports, and Shareholder Engagement and Voting Policy, available to view on our website [here](#).

Our quarterly Engagement and Voting Reports detail our engagement activity during each quarter period, including any relevant ESG-related engagements.

Interested parties requiring further details about this plan or any of our other responsible investing activities should contact us at info@chelvertonam.com.

2 Context of the Engagement Plan 2025

2.1 Engagement philosophy

Engagement lies at the heart of our investment approach. We believe regular, constructive dialogue with companies is essential to:

- Build our understanding of businesses and management quality
- Monitor risks and opportunities
- Influence positive change where appropriate
- Fulfil our stewardship responsibilities

Our engagement approach is characterised by:

- High frequency of regular company interactions
- A flexible approach tailored to each company's circumstances, size and maturity



- Focus on strong governance as the foundation for long-term success
- Integration of material environmental and social factors

2.2 Scope of engagement

We aim to engage with every small and mid-cap company we invest in, prioritising building constructive relationships with our investee companies where our engagement can be most impactful. Our engagement approach is comprehensive and tailored, involving regular interactions with executive teams, board members, and other key company representatives.

Our engagement activities cover a wide range of issues, including but not limited to:

- **Corporate governance:** we emphasise strong corporate governance as a cornerstone of company success, aligning with established codes while considering each company's unique context
- **Board effectiveness:** we advocate for well-structured, diverse boards appropriate to company size and stage of development
- **Remuneration:** We support compensation structures that align with long-term value creation and incorporate relevant ESG metrics
- **Prudent capital management:** We engage in open dialogues on capital allocation and dividend policies, promoting shareholder-friendly practices
- **ESG integration:** We assess and discuss material environmental and social factors that may impact company valuation and performance
- **Transparency:** We actively work to address information gaps, particularly in ESG reporting, offering support to smaller companies in developing appropriate practices
- **Systemic risk management:** We encourage all companies to address key systemic issues such as climate change, human rights, and responsible AI development

While we do not seek to directly involve ourselves in company management, we may influence management on these issues where we deem it beneficial to long-term value creation and risk management.



2.3 Engagement methods

Our engagement activities may include:

- One-on-one meetings with management or board members
- Site visits
- Conference calls
- Written correspondence
- Participation in investor days or capital markets events

3 Evolution of our ESG engagement strategy

For 2025, we are refining our ESG engagement approach to build on our existing deep knowledge and relationships with portfolio companies. We are moving away from sending annual letters and ESG questionnaires to all holdings. Instead, we will focus on targeted, in-depth engagements with specific companies where we have identified material ESG considerations or scope for improvement. We will communicate our expectations through bespoke correspondence and direct dialogue, allowing for more precise and impactful discussions on relevant issues.

This change reflects our commitment to meaningful, company-specific engagement that addresses the unique circumstances of each holding, particularly within the small and mid-cap sector where our expertise lies. We believe this focused approach will enhance the effectiveness of our stewardship activities and drive more tangible outcomes in ESG management and performance.

4 Key ESG themes for 2025

Our boutique approach allows us to maintain deep, specialised knowledge with high levels of company engagement that we believe can create long-term value for our clients. By integrating material ESG considerations into our rigorous investment process, we aim to identify well-managed companies poised for long-term success.

While we do not manage labelled sustainability-focused strategies, we consider a company's management of material ESG issues as an indicator of management quality and long-term competitive advantage.



Key focus areas for 2025 may include, where material:

a) Climate change and net zero:

- Encourage adoption of science-based Net Zero targets aligned with national commitments
- Monitor progress on emissions reduction strategies
- Engage on climate resilience and adaptation strategies

b) Biodiversity and natural capital:

- Promote adoption of the Taskforce on Nature-related Financial Disclosures (TNFD) framework
- Encourage companies to assess and disclose their nature-related risks and dependencies

c) Diversity, Equity, and Inclusion (DEI):

- Encourage enhanced DEI strategies covering leadership and wider workforce
- Encourage disclosure of diversity data and targets
- Promote inclusive corporate cultures and practices

d) Executive remuneration:

- Advocate for meaningful ESG metrics in executive compensation packages
- Encourage alignment of executive pay with long-term value creation and sustainability goals

e) Responsible AI governance:

- Engage on development and implementation of responsible use of AI strategies and policies
- Encourage board-level oversight and expertise on AI



5 Monitoring

We use Integrum ESG data and other selective data sources to enhance our analysis and track our key engagement themes.

This data helps provide a comprehensive picture of a company's ESG performance, but we do not rely solely on third-party ESG ratings or other third party ESG data and carry out our own research on holdings.

Our investment teams conduct their own ESG assessments, considering the specific context of each company, particularly for small and mid-cap firms where third-party data may be limited.

Towards the end of 2024, we transitioned from an in-house ESG team to a partnership with sustainability and stewardship specialists, Canbury Insights. This has enabled us to undertake bespoke company assessments on ESG issues relevant to the company's business model and our investment belief.

6 Prioritisation of Engagements

We prioritise our engagement activities based on several factors:

- Materiality of relevant issues to the investment case
- Size of our holding
- Specific ESG risks or controversies identified
- Opportunities to influence positive change
- Alignment with our annual engagement themes

This approach ensures we focus our resources where we can have the most significant impact, with the objective of protecting and enhancing value for our investors.

7 Escalation

If initial engagement is unsuccessful, we may escalate our approach through a series of steps, which may include:

- Additional meetings with executive management
- Engagement with non-executive directors or the Chair



- Abstaining or voting against management resolutions where CAM has voting rights.
- Collaboration with other investors (where appropriate)
- Reducing our holding or divesting

The specific escalation path will depend on the issue at hand and the company's response to our concerns.

8 Collaborative Engagement

While we prefer direct, one-on-one engagement, we recognise the value of collaborative efforts in certain circumstances. We may participate in collaborative initiatives that:

- Support the needs of small and mid-cap companies
- Address systemic risks relevant to our investment universe
- Promote best practices in sustainable business and investment

When deciding to join collaborative engagements, we consider factors such as:

- Alignment with our engagement priorities
- Potential for meaningful impact
- Resource requirements
- Potential conflicts of interest

9 Review and Continuous Improvement

This policy is reviewed annually to ensure it remains appropriate and effective. We also:

- Regularly assess the outcomes of our engagement activities
- Seek feedback from companies and clients on our approach
- Stay informed about best practices and regulatory developments in stewardship

10 Governance and Oversight

Our engagement and voting activities are overseen by:

- The Board of Directors, which reviews our overall approach and significant activities



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- The Corporate Governance Manager and external ESG partners, who support CAM's stewardship and engagement activities
 - The Investment Team, responsible for day-to-day implementation of this policy

