

**Shareholder Engagement Policy  
(the "Policy")**

**Independent Franchise Partners, LLP**

*delegate investment manager of*

**Independent Franchise Partners Variable Capital Company plc  
Independent Franchise Partners Common Contractual Fund**

**November 2020**

## 1 Definitions

"Carne"	Carne Global Fund Managers (Ireland) Limited;
"Company"	Independent Franchise Partners, LLP;
"Fund(s)"	Each investment fund for which the Company acts as investment manager namely, Independent Franchise Partners Variable Capital Company plc (the " <b>VCC</b> ") and Independent Franchise Partners Common Contractual Fund (the " <b>CCF</b> ");
"Prospectus"	The prospectus of each Fund (including, where applicable, any supplement thereto in respect of a sub-fund of each Fund) as may be amended, supplemented, restated or otherwise modified from time to time;
"SRD II"	The Shareholder Rights Directive II (EU/2017/828);
<b>SRD II Irish Regulations</b>	Statutory Instrument No 81 of 2020 the European Union (Shareholders' Rights) Regulations 2020, the Irish legislation transposing SRD II into Irish law; and
<b>UCITS Regulations"</b>	The European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (S.I. No. 352 of 2011), as amended and as may be further amended, consolidated or substituted from time to time.

In this document, "we", "us" and "our" refer to the Company

## 2 Introduction

- 2.1 This Policy sets out how we engage with companies that we invest in (the "**Investee Companies**").
- 2.2 In compliance with the requirements of SRD II (as transposed in Ireland under the SRD II Irish Regulations), we have put in place and made publicly accessible this Policy describing how we integrate shareholder engagement into our investment strategy.
- 2.3 This Policy describes how we:
  - (a) monitor Investee Companies on relevant matters (including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance);
  - (b) construct dialogues with Investee Companies;
  - (c) exercise voting rights and other rights attached to shares of Investee Companies;
  - (d) co-operate with other shareholders;

- (e) communicate with relevant stakeholders; and
- (f) manage actual and potential conflicts of interests in relation to such engagements.

2.4 This Policy compliments and supplements the [Stewardship Policy](#) (the "**Stewardship Policy**") published on our website.

### **3 Scope**

3.1 This Policy covers all investments we make which, for the avoidance of doubt, shall include investments in the equity securities of Investee Companies domiciled in the European Union or the European Economic Area ("**EEA**") which are admitted to trading on a regulated market in the EEA.

### **4 How we engage**

4.1 Our approach to shareholder engagement:

- (a) We seek to preserve or enhance the value of our investment in an Investee Company through active engagement with that company.
- (b) The Company believes that active engagement:
  - (i) protects and creates value for our investors over the long-term;
  - (ii) enhances our understanding of how Investee Companies are managing risks and opportunities that are relevant to our investments;
  - (iii) provides information relevant to our voting decisions; and
  - (iv) helps us advocate for changes that are in our investors' best long-term interests.

4.2 Monitoring of companies

- (a) As part of the process to undertake appropriate due diligence on investments, consistent with our investment philosophy, we conduct detailed research on each Investee Company which would give us an understanding of the company, in order to formulate an approach to engagement.
- (b) This will include fundamental quantitative elements such as financial position, revenue, capital structure etc. It may also involve qualitative and non-financial elements such as the Investee Company's approach to environmental, social and governance factors.

4.3 Dialogue with companies

- (a) As referred to above, the Company takes active positions, leading to direct dialogue with the board of directors or senior executives of Investee Companies.
- (b) The Company will generally engage with Investee Companies as part of in-person one-on-one meetings with senior executives and with divisional and regional management. Where appropriate, the Company will meet with non-executive directors, such as the chairperson or senior management directors.
- (c) The Company generally meets with Investee Companies on at least an annual basis and may request more frequent meetings if deemed necessary.

- (d) Please refer to the Stewardship Policy for further details on how the Company engages with Investee Companies on the Funds' behalf.

#### 4.4 How we exercise voting rights

- (a) Pursuant to the relevant requirements of the UCITS Regulations<sup>1</sup>, the VCC and Carne, in respect of the CCF, have developed adequate and effective strategies for determining when and how any voting rights held by the Funds are to be exercised, to the exclusive benefit of the relevant Fund and its investors.
- (b) The VCC and Carne, and the Company have policies and procedures in place to monitor corporate actions, ensure the exercise of voting rights are in accordance with the investment objective and policy of each Fund and to prevent and/or manage any conflicts arising from the exercise of voting rights in respect of each Fund.
- (c) Voting Policies are available separately on request.

#### 4.5 How we co-operate with other shareholders

- (a) The Company may lead or participate in initiatives collectively with other investors in Investee Companies with a view to effecting change in the Investee Company that is in the best interests of our investors.
- (b) The decision to act collectively depends upon the circumstances of each case, whether we believe it is likely to enhance returns for our investors and whether it would introduce any conflict of interest or breach any regulatory requirements.

#### 4.6 Communication with relevant stakeholders

- (a) Where appropriate, consistent with any engagement with an Investee Company as discussed above, we may also look to engage with industry associations, regulators, government authorities or other stakeholders with a view to effecting change in the Investee Company that is in the best interests of our investors.
- (b) Engagement is primarily with Investee companies within the Company's investment universe. The Company is an active member in groups such as the Investment Association and the Investor Forum in the UK and the Stewardship Forum in Japan.

#### 4.7 Conflicts of Interest

- (a) Pursuant to the relevant requirements of the UCITS Regulations<sup>2</sup>, the VCC and Carne, in respect of the CCF, and the Company apply effective written conflicts of interest policies and have put in place procedures and measures for the prevention or management of conflicts of interest including where such conflicts may arise due to how we engage with Investee Companies.
- (b) Conflicts of Interest Policies are available separately on request.

## 5 Availability of this Policy

### 5.1 The latest version of this Policy shall be freely available on the website of the Company.

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<sup>1</sup> Sections 74 to 76 of Schedule 5 of the UCITS Regulations.

<sup>2</sup> Sections 65 to 73 of Schedule 5 of the UCITS Regulations.

## **6 Annual Transparency Obligations**

- 6.1 We will annually disclose how this Policy has been implemented including a general description of voting behaviour, an explanation of the most significant votes and, if relevant, the use of the services of proxy advisors.
- 6.2 Where an EU regulated life insurance company or occupational pension scheme (in each case an "**Institutional Investor**") is invested in the Funds, such Institutional Investor will be provided on request with the specific information prescribed in SRD II as it relates to their investment in the Funds. Where this information is not publicly available, the Company will provide this directly to the relevant Institutional Investor.

## **7 Responsibility**

- 7.1 The VCC and Carne, in respect of the CCF, has overall responsibility for ensuring this Policy complies with legal obligations under SRD II and each of the VCC and Carne will engage with the Company as required to update this Policy as and when required.
- 7.2 The Company has primary and day-to-day responsibility for the implementation of this Policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in adhering to the Policy.

## **8 Review of the Policy**

This Policy will be reviewed, updated and approved on at least an annual basis.