Responsible Investment & Engagement Policy

Findlay Park Partners LLP (Findlay Park) is an independent investment partnership based in London. We invest primarily in US equities on behalf of investors in the Findlay Park American Fund (Fund). Our purpose is to generate compelling compound returns for our investors, measured over decades. This Policy outlines how we approach responsible investment and why it matters to us.

WHY RESPONSIBLE INVESTMENT?

Responsible investment matters to us, because it enables our purpose: to generate compelling compound returns for our investors, measured over decades. For us, responsible investment is the pursuit of our purpose in light of the sustainability risks we face, and the need for sound governance and leadership to address these.

Awareness of these risks impacts how we invest in, and engage with, companies. Our Investment Philosophy is grounded in the belief that we can generate higher compound returns for investors by taking *less* risk. This means we carefully assess sustainability and governance risk, advocate for improvement where needed, and avoid those risks we consider excessive.[1]

Regard for sustainability and governance is also reflected in our culture, and the way we run our business. We are one team at Findlay Park, and responsible investment is a team-wide responsibility. We aim to reflect the principles that we encourage in our companies, including by focusing on our own culture, climate impact and social responsibility.

WHAT DOES SUSTAINABILITY MEAN TO US?

The UN defines sustainability as**: "meeting the needs of the present without compromising the ability of future generations to meet their own needs." (UN 1987).** By this definition, the economy is not sustainable. But we believe that the materiality of sustainability challenges, notably climate change, will drive change.

We aim to invest in businesses which we believe are either sustainable or engaged with the transition towards sustainability. Our Investment Philosophy checklist includes questions on climate, culture and governance – alongside questions on the economics of the business. These factors are all part of what we think makes a durable, resilient, sustainable company. **We believe these businesses are best placed to generate compound returns for generations.**

WHAT IS OUR APPROACH TO TRANSITION?

Transition bridges the economy today with the economy of the future – this creates both opportunity and uncertainty. Technology, cost, and politics will all shape the pathway towards a more sustainable economy. We see responsible oil and gas companies in the US – the world's largest producer of oil – as having a large part to play in this transition. We look for those with 'low cost, low carbon' operational models, which are open to improvement. We distinguish between higher and lower carbon fossil fuels, and do not invest in companies with over 10% of revenue from coal or oil sands. We also see geopolitical and human rights merits to energy produced in democratic countries.

Engagement is key to our approach to transition. We encourage all companies in which we invest to adopt science-based climate targets, and aim that 60% of the American Fund will be covered by such targets in 2025, rising to 90% in 2030. This approach is endorsed by the Net Zero Asset Managers' Initiative, of which we are a part. **We strongly believe that the Findlay Park American Fund takes a robust and engaged approach to transition.**

[1] Controversial businesses tend not to fit our Investment Philosophy, and we have formal restrictions on investments in a limited number of activities which we believe have the severest negative impacts, creating undue financial and reputational risk. We do not invest in companies (i): which are likely in breach of controversial weapons conventions; or (ii) with over 10% of revenues generated from: either coal-fired power and coal mining, oil sands, or the production or distribution of tobacco. Please see our 'Exclusions Policy' below for details.

OUR INVESTMENT PROCESS

We have a clear Investment Philosophy that is aligned to our purpose and is rigorously applied through all market conditions. This philosophy has guided our research-intensive process since the Fund's launch in 1998. We implement our philosophy by assessing each stock (both new ideas and existing holdings) against a checklist of twenty-nine questions which analyse key aspects of a business, including its financial and competitive position, and management quality.

This checklist includes questions which relate to sustainability and governance issues. It includes specific questions pertaining to: consumer preferences, trusted brands, regulatory headwinds, climate and sustainability tailwinds, management quality and compensation, corporate purpose and culture, and the medium- and long-term prospects of the business.

The nature of our Investment Philosophy checklist means each member of the Investment team assesses these qualitative factors when researching and engaging with companies, and they are included in regular discussion and debate regarding all existing and potential Fund holdings. Our responsible investment specialists (the Responsible Investment Lead and Sustainability Lead) are members of the Investment team. Detailed sustainability and governance analysis is also conducted for every company review, led by the responsible investment specialists and in collaboration with the co-coverage team. This helps us address these issues, rigorously and consistently, within a culture of teamwork.

SUSTAINABILITY RISK MANAGEMENT

To further support the implementation of our Investment Philosophy, and to ensure we stay alert to changes, we collate and monitor a range of factors using our proprietary "Responsible Investment Gauge" (RIG). This combines external and internal data pertaining to a range of sustainability and governance issues. It helps to support – and where needed, challenge - our Investment Philosophy checklist scoring; it also helps us respond to new information – such as escalating controversies, or deteriorating employee satisfaction. Information we capture covers areas including: climate, nature, employee engagement & inclusion, human rights, data security & ethics, corporate governance, sustainable economics, and reputation. When analysing individual companies, we also assess specific issues that are financially material to the sector or company in question – for instance health and safety, which is highly relevant to some companies.[2]

In the course of our due diligence, we also make a provisional assessment of a firm's sustainability impacts, aligned with the EU's Principal Adverse Impacts (PAI) framework.[3] This framework largely focuses on the negative environmental externalities produced by businesses (e.g. their carbon footprint, water pollution, hazardous waste, biodiversity impact), as well as some social and governance factors (e.g. Board diversity). These impacts can be leading indicators of risks. So this assessment provides an additional lens through which to view companies, highlighting any further areas for research or engagement.

We make use of a wide range of sources to aid our research and risk management. Examples include the following:

- Environmental sources: CDP scores, data and strategic insights across climate, water and forest themes; MSCI's climate value at risk and implied temperature rise metrics; S&P Trucost's climate and water pollution data; ENCORE for nature risk and impact mapping
- Social sources: Glassdoor employee reviews to assess human capital management; InHerSight reviews to gauge a firm's approach to diversity and inclusion.
- Governance sources: Institutional Shareholder Services (ISS) ESG for corporate governance and norms-based research.
- Combined sources: RepRisk for controversies across E, S and G themes; CDP, corporate disclosure and internal assessment for sustainable revenues

[2] Health and safety may be more relevant to an industrials company than a software company, for instance. This is our in-house view, although the framework has been informed by academic evidence, research, and external frameworks – such as that of the Sustainability Accounting Standards Board.
[3] Where practicable, this is undertaken in full, pre-investment. In select cases where timing is key, and where we have focused on the most material sustainability risk and impacts, this may be only partially undertaken pre-investment, and completed post investment.

- Human expertise: We speak with management teams, and use expert networks to understand the views of former employees of companies, as well as a company's competitors, customers, and suppliers. This helps us assess corporate culture and integrity, among other issues.

All the above helps inform our view of sustainability risks, and opportunities. Just as there is no minimum score for our Investment Philosophy checklist, we generally avoid hard thresholds when it comes to sustainability and governance issues (apart from some exclusionary criteria, described further below). We believe these issues are nuanced, and require understanding of context, and direction of travel, among other matters. Moderate concerns may lead us to engage, pre or post investment; we may also express this through position sizing.

However, when we see firms as fundamentally misaligned with our expectations of a responsible business, we have acted to protect the interest of our investors. There have been cases where responsible investment issues have driven our decisions to avoid or sell a company or contributed to such a decision.[4] In addition, we have introduced some targeted exclusions. These are focused on companies with activities that are a poor fit with our Investment Philosophy, often with the severest negative impacts on society and the environment.

OUR APPROACH TO CLIMATE CHANGE

We believe that climate change is an economic reality as well as an environmental issue; a rigorous approach to investment must be climate aware.[5] We recognise the importance of both climate risks and opportunities – whether arising from a physically changing climate, or a transition to a more sustainable economy. We are supportive of the goal of the Paris Agreement to keep global warming below critical levels, which would have considerable impact not only on our environment, but on financial markets as well.

We monitor each company in our Fund for environmental risk and impact. This includes an assessment of the implied temperature rise of a firm's carbon emissions, which is compared with the Paris Agreement, and whether or not a company has committed to validated science-based climate targets, among other environmental indicators.

For some sectors we undertake additional climate-related analysis, and extensive engagement. For instance, commodities businesses tend to fit poorly with our Investment Philosophy, however we have from time to time invested in this sector. We expect companies in this sector to have prepared for climate change, and thoroughly considered their resilience to different scenarios. To support data obtained from companies themselves, we may consider our own climate scenarios or pathways to an energy transition, or those of third parties with sustainability expertise.[6]

We believe selective investment, and active ownership, can align with a transition to a more sustainable economy. We prefer an engaged approach, which we believe can catalyse meaningful and lasting improvements in the real economy. However, we see a certain subset of activities as likely incompatible with a sustainable transition – particularly when there is a poor fit with our philosophy – and entailing a high degree of financial and reputational risk. We therefore do not invest in firms which derive over 10% of revenue from coal-fired power and coal mining or oil sands. Otherwise, we remain open to investing in commodities companies which demonstrate excellence in both financial prudence and sustainability matters.

Importantly, we also look for opportunities arising from the climate transition. For instance, we have exposure to one of the largest producers of wind energy in the US, and the US' largest distributor and installer of insulation.[7] We have also created a specific question in our Investment Philosophy checklist, addressing whether a company is a beneficiary from climate and sustainability tailwinds.

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[4] Examples are available in the Firm's twice yearly Responsible Investment & Engagement reports, available on the Firm's website: https://www.findlaypark.com/responsible-investment/.

[5] We firmly acknowledge the importance of other areas of natural capital. Over time we may evolve more specific policies related to these areas, which currently inform monitoring, engagement and integration where they present material risks or impacts.

[6] Our investment in the energy sector considers future oil price demand scenarios - based on factors such as electric vehicle penetration, aviation and plastic recycling.

[7] As at December 2024, Berkshire Hathaway Energy is one of the largest US operators of wind, and TopBuild the largest insulation distribution company.

We publish portfolio-wide climate metrics and will continue to develop our approach. In 2021, we published our inaugural Taskforce on Climate-related Financial Disclosure (TCFD) report. We have joined the Net Zero Asset Managers Initiative - an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner.[8]

Our primary stewardship target is for 60% of the companies in the Fund (by AUM) to have committed to science-based targets by 2025, rising to 90% by 2030.[9] We expect companies in which we invest to set credible targets. Our strong preference, and focus for our engagement, will be for companies to commit to targets verified by the Science-based Targets initiative (SBTi).

We commit to engage with all companies which have not formally set, or formally committed to set, validated science-based targets. This will be undertaken at least annually.[10] Our long-term aspiration is for all companies in the Fund to have realistic and achievable climate targets.

Similarly, we also commit to vote for all reasonable climate-related resolutions. Exceptions might include where the company in question has already committed to or set a validated science-based target, or where the topic of the resolution is peripheral to its core business, or calls for a reduced focus on climate change.[11]

Evidently, empty targets are ineffective. We expect companies to make meaningful efforts to achieve their targets and, where possible, share their plans for transitioning towards a lower carbon business model alongside evidence of progress towards transition. We also encourage consideration of the wider implications of climate transition. For instance, companies should consider the social consequences regarding those most affected by climate change, relevant employees and communities.[12] We likewise encourage companies to consider nature-related issues such as biodiversity, deforestation in their decarbonisation efforts.

We intend for our targets to be primarily achieved through our own stewardship activities, those of the wider investment industry, supportive regulation, and the initiative of companies within the Fund. We do not see divestment as the best means to achieve the transition towards a net zero economy, nor is this in the interest of our investors. In setting these ambitious medium-to-long-term targets, we must recognise the need for flexibility, depending on certain circumstances. These could include the following:

- Another credible target might be used in select cases, for instance where a sector-based SBTi approach does not exist or if another science-based framework is used.
- SBTi commitment may be treated as a proxy for a set target in some cases, for instance where there are continued bottlenecks in the SBTi validation system.[13]
- In cases where companies are providing climate solutions which are not reflected in climate target setting protocols, allowances may be made for lack of SBTi-aligned targets.

These are targets, rather than investment objectives. If we believe that these cannot be achieved without compromising our investment objective, we will prioritise the latter. The rationale will be clearly explained in our reporting. We would also note

[8] We note, as of January 2025, the current suspension of NZAM's activities and await the upcoming consultation on the future of the initiative. It is our intention in the meantime to work towards the achievement of our existing targets and will keep them under review as NZAM evolves.

[9] We believe we can use our leverage to help companies commit to science-based targets. From then on, the time for these to be set is less within our sphere of influence. These may be subject to organisational and procedural delays, either at companies or at validating bodies such as SBTi.

[10] We typically look to engage with all companies on this topic in the Fund at a suitable point in Q4.

[11] An example of an unreasonable climate-related resolution may be one which asks a company or its Board to undertake an activity which may not be fully in scope, or carry legal or compliance risk. An example could be a specific request for pension plan options which have strong, external governance requirements. We have also seen resolutions calling for a reduced focus on climate change and related targets.

[12] This concept is sometimes termed "Just Transition" and can help ensure the stability and durability of climate plans.

[13] Companies first commit to the SBTi by making a science-based emissions reduction target. This is subsequently reviewed and if it is deemed to be in line with the latest climate science, is validated as 'science-based' by SBTi.

that net zero portfolio alignment methodologies are in their infancy and as such are likely to be further expanded upon in the future, which may lead to a change in our approach.

OUR CONSIDERATION OF IMPACT

All businesses have positive and negative impacts. The UN Sustainable Development Goals (SDGs) highlight key changes needed by 2030, in the form of seventeen goals. Companies can help achieve some of these goals through their solutions – for instance enabling energy efficiency or the provision of accessible healthcare.[14] Equally, the EU's Principle Adverse Impacts (PAIs) framework largely focuses on some of the negative externalities which businesses can reduce – such as carbon emissions or water pollution.

We believe that awareness of impact is important. Impacts often map to risks and opportunities, especially over time. For instance, a company which helps solve social or environmental problems likely has a durable, competitive advantage. Conversely, a company exploiting the lack of short-term consequences for its negative impacts may be taking long-term risk.[15] We aim to consider the key positive and negative impacts of companies in which we invest. We have provisionally mapped companies' revenue from sustainable solutions, using the SDGs as a reference where possible. We are also mindful of negative impacts, including those highlighted in the PAI framework, and monitor related data on a quarterly basis.

We are not, however, an "impact investor" – specifically targeting environmental or social objectives on a par with our financial investment objective. We believe that our consideration of impact – by which we mean related assessment, engagement, voting, monitoring, and exclusion in certain extreme circumstances – is fully aligned with our purpose.

Our engagements cover both risks and impacts, as required. Some of our areas of focus, which include an impact lens, are noted below.

- Environmental – Our core ask of companies is that they commit to science-based climate targets. This requires engagement with companies across different sectors, given the systemic nature of climate impact. Science-based targets for nature are still evolving, but we encourage awareness of wider environmental issues.
- Social – All companies have social and economic impact as employers. We engage where we see room for improvement in corporate culture and employee engagement. Human rights impacts are also important for companies to consider, in many cases through their supply chain. We recognise our responsibility to use our leverage to support human rights, and will raise this topic where we see severe impacts.[16]
- Governance – We believe that oversight of any matter is critical to understanding and managing its impact. One area which we see as particularly critical is the governance of technology, especially so given the new risks and impacts presented by AI. We are increasingly asking a wide range of companies for evidence of responsible technology and AI governance.
- Opportunities - Where appropriate to a firm's business model and our investment thesis, we encourage companies to explore sustainable products and services. We also encourage transparency on this topic– for instance through use of credible classifications, labels, or taxonomies.[17]

We monitor progress on related engagement, and look for indicators of change – e.g. reduced carbon impact, improved employee engagement metrics. We run Fund-level PAI assessments on a quarterly basis; this process is overseen by the Responsible Investment Committee. This helps us stay alert to any changes, which may be flagged for additional research,

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[14] See SDG 7 "Affordable and Clean Energy", target 3 and SDG 3 "Good Health & Wellbeing" target 8.
[15] For instance, a company with high levels of currently undetected pollution, or one covering up a corruption issue.
[16] The aggregate views of these groups are reflected in our controversy monitoring. We may also consult data sets from the Corporate Human Rights Benchmark, or similar sources.
[17] This may include credible reference to the SDGs, or the EU Taxonomy – noting that the latter is difficult for US companies to use given its level of granularity and reference to EU-specific regulation.

engagement or escalation. In cases where we see issues of concern, no improvement, or issues worsen, we follow an escalation process described on page 8 below.

OUR ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

The Findlay Park American Fund is classified as an "Article 8" product under SFDR and as such, the Fund promotes environmental and social characteristics. The Fund does not have a sustainable investment objective.

For us, promotion of environmental and social characteristics means both the processes in place to ensure rigorous consideration of sustainability and governance issues, and the wider ambition to help advance improvements in investee companies through engagement.[18]

Environmental characteristics. We believe our approach of selective investment, and active ownership, can align with a transition to a more sustainable economy. Our research, engagement and voting are informed by climate indicators such as corporate climate targets and alignment with the Paris Agreement, among other metrics.

We have developed a climate target, based on underlying companies in the Fund adopting robust climate goals grounded in climate science. We aim to help companies improve their environmental impacts through engagement. We have binding exclusions on investment in companies deriving more than 10% of revenue from: coal-fired power and coal mining or oil sands. These activities are among the most damaging to the environment, and their continuation is out of step with the goals of the Paris Agreement. Relatedly, we believe they have limited economic prospects, and entail financial risk.

Social characteristics. We aim to invest in companies with a great purpose and culture – a question 'double-scored' on our Investment Philosophy checklist. We closely monitor and engage on social factors such as employee engagement. We pay close attention to corporate controversies, particularly those that risk companies breaching international norms such as the UN Global Compact [19] and OECD Guidelines for Multinational Enterprises. [20]

Controversial companies typically score poorly against our Investment Philosophy. Moreover, we have binding exclusions on investments in companies deriving 10% of revenue from tobacco production and distribution, and those likely in breach of international conventions on controversial weapons. These areas cause significant social harm, leading to financial or reputational risk.

OUR EXCLUSION POLICY

Companies with the severest risks, impacts and controversies are poor fits with our Investment Philosophy criteria. These criteria cover matters including regulatory risk, long-term outlook, and susceptibility to changing consumer preferences. Below we detail our formal policy with respect to exclusions, which are the binding aspects of our environmental and social characteristics. For inclusion in the Fund, in addition to our own in-depth research, corporate securities [21] will be screened against binding exclusion criteria using third-party data.[22]

THEME	PRODUCT	EXCLUSION CRITERIA	RATIONALE
ENVIRONMENTAL	Coal	Companies deriving >10% of revenue from coal fired power and coal mining.	These activities are among the most damaging to the environment, and their

[18] This work is summarised below – for more information please see the Findlay Park American Fund's sustainability related disclosures.
[19] 'The ten principles of the UN Global Compact', [accessed: https://www.unglobalcompact.org/what-is-gc/mission/principles].
[20] 'OECD guidelines for multinational enterprises', [accessed: https://mneguidelines.oecd.org/mneguidelines/].
[21] This screening does not apply to other assets in the portfolio, including T-Bills or cash.
[22] The data used to determine the percentage of revenue deriving from the relevant exclusion is sourced from external data providers, and although a qualitative review is performed, Findlay Park is therefore not responsible for the accuracy of this data.

	Oil sands	Companies deriving >10% of revenue from oil sands.	continuation is out of step with the Paris Agreement. We also believe these businesses have limited economic prospects, and fit poorly with our Investment Philosophy.
SOCIAL	Tobacco	Companies deriving >10% of revenue from tobacco production and distribution	Tobacco is a cause of significant social harm given its impact on human health. Related businesses are at risk of further regulatory scrutiny and are a poor fit with our Investment Philosophy.
	Controversial weapons	Companies deriving >0% of revenue from controversial weapons (cluster munitions, anti-personnel mines, biological, chemical weapons or nuclear weapons for countries not recognised under the Non-Proliferation Treaty).[23]	Certain weapons have disproportionate and indiscriminate impacts on civilians, even years after a conflict has ended. Investing in businesses associated with these weapons entails reputational and, in some jurisdictions, legal risk.

Affiliated companies will be excluded only if they derive revenue from these excluded products, in a manner which breaches these criteria. For instance, the parent company of a firm producing controversial weapons would be excluded, but a different subsidiary of the parent – not undertaking excluded activities – would not be excluded.

Where a company held in the Fund is identified to have revenues from coal, tobacco or oil sands which approach these thresholds, but do not breach them, we will seek to engage with the company. This will help us understand future plans, for instance to exit or reduce exposure to these lines of business. We will clarify our policy to such companies and encourage them not to increase exposure to these areas.

The exclusion lists are reviewed on a quarterly basis. Where an investment is identified as breaching the Fund's exclusion criteria, we will seek to sell the investment as soon as reasonably practicable taking into account the interests of our investors.

OUR APPROACH TO ENGAGEMENT AND MONITORING

Engagement is essential to our investment strategy, and is a collaborative effort involving all team members. Our experienced Investment team is focused on one strategy. We typically hold around 40-60 companies in the portfolio. This means we're able to get to know our companies and their management teams extremely well and hold hundreds of meetings across our investee companies each year.

Our engagement with companies spans a number of areas, including sustainability risks and impacts as outlined above. In addition to specific engagement requests, we also discuss a variety of issues with companies which align with our investment philosophy. We pay careful attention to corporate strategy, financial risk, and capital structure; considering dividend and share buyback policies, employee stock plans and the use of debt finance.

A summary of company discussion and engagement on these matters is logged centrally, for all Investment team members to access. The outcomes of such discussions are also noted, and company responsiveness to our engagement efforts is assessed.

[23] In breach of international conventions of controversial weapons comprising the following: Convention on Cluster Munitions, Anti-Personnel Mine Ban Treaty, Biological and Toxin Weapons Convention, Chemical Weapons Convention. We do not currently exclude all companies associated with the production of nuclear weapons; as a UK based firm investing in US companies we are aware that both countries have nuclear programmes, which were recognised under the Non-Proliferation Treaty. By contrast, firms involved in the programmes of countries defined as non-nuclear weapons States under the Non-Proliferation Treaty, would present excessive risk to us and our investors.

We monitor a number of data points which can inform us of changes, such as altered employee satisfaction, new controversies or change in responsiveness to engagement. Such changes are captured in the RIG, which is also accompanied by a summary report. Key changes are highlighted monthly. The Responsible Investment Committee also reviews the PAI monitoring process, including being alerted to key changes, on a quarterly basis.[24]

HOW WE PRIORITISE ENGAGEMENT AND SEEK TO INFLUENCE BEHAVIOR

We prioritise issues that are either most material from a risk and reward perspective, or from an impact perspective. We believe this can best protect and enhance the value of our investments. Therefore areas which we most closely monitor, and are likely to engage on, include those outlined above under “Our investment process” and “Our consideration of impact”.[25]

During our stock review process, we highlight initial topics which may merit engagement. These include any potential risks or areas for improvement; these may also cover impact related topics such as those highlighted in our assessment of PAI metrics. These topics help inform our early conversations, and engagements, with companies. We also aim to respond to change. Signals which aid our ongoing engagement include changed sustainability-related data points We also respond to short-term events such as upcoming voting decisions, company requests, management changes, and escalation of risks or impacts.

Factors which may influence how we prioritise engagement include the size of our position in a company, the extent of the holding in our strategy, and the importance of an issue to the investment thesis. We consider the scope and severity of risk, and negative sustainability impacts, in our engagement.[26] While most of our engagement and discussion is stock specific, we may take a more thematic approach, as in the case of climate-related engagements. As noted above, we encourage all companies in which we invest to commit to science-based climate targets, given the systemic nature of climate risk

Our preferred outcome is to positively influence a company’s behaviour. Where necessary we engage many times on the same issue to help drive this change. Our objectives and actions may differ depending on the context. Goals include enhanced corporate disclosure or action on sustainability risks or impacts. Outcomes may also include improved voting decisions, changes to our investment thesis or portfolio construction. We give examples of engagement, and related outcomes, in our biannual reporting.

HOW WE ESCALATE ISSUES

We engage on issues of concern with a positive, constructive mindset, hoping to clarify management’s intentions or change behaviour. Should this not be possible, we can:

- Raise the issue further up the management/governance hierarchy, (if there is further to go, and we think this will help clarify or highlight the issue at hand).[27]
- Where appropriate, take necessary voting action (which may include voting against Board members, supporting shareholder resolutions, voting against management pay).
- Determine whether the failure to resolve the issue compromises our investment thesis, or poses an unacceptable level of risk, including reputational risk, to the underlying company or our strategy.[28]
- If we conclude that it does, we exit the position.
- If not, make any appropriate adjustments to current and/or maximum position sizes, and note the issue for high-priority monitoring.

[24] These align with the PAIs under SFDR.
[25] We believe that – over time - major sustainability impacts can become salient risks.
[26] Relevant factors here might include the number of people impacted, whether damage is irreversible, and the probability of future occurrence or recurrence.
[27] Although rare, in some cases we may determine that the issue is so severe, and/or entails such significant risk that we should act before engaging with a company. Similarly in some cases where we engage once with an individual at a company, we may decide that this individual is sufficiently representative of the organisation that escalating it to a more senior executive or Board member is not worthwhile.
[28] This may be due to the existence of severe risk, and/or salient and persistent negative impacts, which management are unwilling to resolve.

As noted above, material issues are reviewed on a monthly basis, and may be escalated to the Responsible Investment Committee where appropriate. We are also able to act more swiftly, for instance in response to escalating controversies.

Whilst not our preferred outcome, there are occasions where we have divested from a position due to responsible investment issues. This typically occurs when issues are severe in terms of risk or impact, and we see insufficient willingness to change.

OUR APPROACH TO COOPERATION

We support a select number of initiatives on systemic issues which we believe require a coordinated approach.

Climate is an example of a systemic issue, which we believe benefits from common standards and aims. We are signatories to the Net Zero Asset Managers (NZAM) initiative, and have chosen one of the frameworks endorsed by this initiative as a basis for our climate stewardship target (the SBTi coverage approach, described in "Our approach to climate"). This SBTi approach itself is an example of coordination – in that is a well-known standard increasingly endorsed by companies and governments, rather than a finance-specific framework. Likewise, we support better quality climate reporting. We are official supporters of Taskforce on Climate-related Financial Disclosures (TCFD), which has been endorsed and mandated by a number of governments.

We also recognise the importance of nature-related issues beyond climate – such as water stress, deforestation, and biodiversity loss. We are signatories to CDP's climate, water and forestry programmes.[29] We have also become members of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum – which seeks to develop best-practice with regard to nature related reporting and risk management. We have also joined the Investor Alliance on Human Rights – noting the complex nature of human rights risks and impacts.

On occasion, we draw on collective initiatives to raise awareness to regulators and governments. For instance, ahead of key climate summits, we have signed the Investor Agenda's Global Investor Statement to Governments on the Climate Crisis.We are also members of the Investment Association, and our Responsible Investment Lead is Deputy Chair of the Independent Investment Management Initiative (IIMI). These bodies provide resources on responsible investment, related events, networking and, in some cases, training. They also give us access to informal responsible investment networks, and facilitate engagement with governments and other bodies on responsible investment issues. We have led the development of a specific forum within IIMI to discuss responsible investment topics and share best practice. Our significant involvement in IIMI means that we can guide such activities, ensuring alignment with the interests of members and our end investors; throughout which we remain mindful of our commitment to promote responsible investment.

In addition, where we see issues or room for improvement with service providers, we have actively engaged with them to improve common understanding of responsible investment issues.

Whilst we are open to cooperation on responsible investment issues, our preferred approach to engagement is to conduct this bilaterally. We see this as a fruitful avenue for constructive conservations. We are also mindful of the potential risks of some forms of collaborative engagement, and related legal challenges.

OUR APPROACH TO GOVERNANCE

Whilst believing that there is no one single model of "good" governance, consideration of governance and management is crucial to our approach. Without quality management teams, we can have little confidence in a business' prospects.

Indeed, five points on our Investment Philosophy checklist relate to management quality, remuneration, purpose and culture. We look for companies to demonstrate effective management, oversight and risk management. We want to invest in companies with management teams we can trust. We believe remuneration should be aligned with shareholder interest, and that firms should understand the importance of considering wider stakeholders to long-term returns. Such stakeholders

[29] The latter of which includes biodiversity considerations.

include employees, as well as customers, regulators, the environment and wider society. These views are reflected in our voting policy, detailed below.

Given our focus on long-term value creation, we are also mindful of the changing regulatory and social contexts in which companies operate. For instance, the responsible governance of technology, including AI, is an emerging topic of importance for several of our companies.

In the majority of cases, we entrust management teams – on whom we do extensive due diligence – to prudently manage the tax affairs of the businesses in which we invest. We expect management to approach tax in line with their fiduciary responsibility to shareholders and their legal requirements. If appropriate, we may question tax transparency or practices at underlying investee firms, where we think these may materially undermine the firms' long-term prospects by impairing relationships with regulators and other key stakeholders.

OUR VOTING POLICY

We see voting as an opportunity to either signal support for companies, or to challenge them, acting in the long-term interest of our investors. We do not participate in stock lending arrangements and retain voting rights across all holdings. We aim to achieve a 100% voting record, abstaining only in exceptional cases, which we always explain in our reporting. [30] We only vote when we have a current investment in a company. There may be cases when we are technically allowed to vote but have sold out of a company; although we have this technical right we believe in the principle that voting should correspond with share ownership. We do not believe that those who are not owners should influence the future of a company.

Importantly, we consider the specific circumstances of each company in which we invest and the detail of the individual resolutions. Although we subscribe to the services of a third-party proxy voting provider, ISS, we make independent decisions based on our own research and engagement with management teams. A full, proprietary voting report is drawn up in advance of every annual general meeting. Inputs into this analysis typically include: proxy voting materials, annual and sustainability reports, recent engagements with the company, third party data, and research from providers such as ISS. Factors we consider during voting go well beyond traditional governance elements, and include wider sustainability risks and impacts. We also seek to engage with a company when we intend to vote against items at annual general meetings. This helps us clarify a company's approach to sustainability and governance matters, coming to a more informed decision, and also signals to companies where they might improve.

Our voting policy draws on our Investment Philosophy, forming principles which inform our voting decisions. These principles are outlined below:

- **Remuneration should align management with shareholder interests**

We expect management teams to think like owners, and remuneration is a powerful means to encourage this.[31] It can also help companies focus on long-term value creation which aligns with our focus on whether the business will be a better one in five years' time. We assess issues including level of CEO equity holding, long-term structures, and links between quantum and performance. We often look favourably on return-based metrics and those related to cash flow, as well as areas of strategic importance to a business including salient sustainability issues. However, we are aware that different structures may be appropriate for different companies, for instance due to their particular industry, growth phase, or strategy. We are mindful of how we rationalise our decisions to investors, and consider the long-term value a company has created for society.

[30] We only vote when we have a current investment in a company. There may be cases when we are technically allowed to vote but have sold out of a company; although we have this technical right, we believe in the principle that voting should correspond with share ownership. We do not believe that those who are not owners should influence the future of a company.

[31] We look beyond a narrow view of shareholder interest, and consider other stakeholders where relevant – e.g. when assessing sustainability metrics in remuneration proposals.

- **Our philosophy is focussed on taking less risk: we invest in companies with strong risk oversight**

We look for companies to demonstrate effective oversight and risk management. Whilst we're not prescriptive about structures, we want Boards to understand potential limitations to their approach, and to put appropriate mitigants in place. For instance, if CEO and Chair roles are combined we pay careful attention to the Lead Independent Director's profile and potential to provide challenge. We are interested in issues including Board composition, the quality and experience of directors, audit and accounting robustness, and management of sustainability issues.

- **Purpose and culture are key to long-term success**

We believe that companies with a strong purpose and culture are better placed for long-term performance.[32] Our view of a company's purpose and culture may influence our voting on a number of issues such as compensation, Board membership or shareholder proposals – including those focused on sustainability impacts.[33]

Topics on which we have supported shareholder proposals include: climate, deforestation, diversity, health and human rights matters. When voting on these topics we carefully assess the issues at hand, alongside the culture and conduct of the company. We also examine the resolution itself and consider whether the changes would themselves be additive – i.e. would the request of the resolution help mitigate material risks or salient impacts?

Where we see material issues insufficiently addressed by a company, and constructive shareholder resolutions, we will not hesitate to vote against management. In a limited number of cases, we may support resolutions even where we do not agree with the specific mechanism proposed by the filer, but see the underlying issue as significant and demanding increased management attention. However, it is our preference to support resolutions where we agree with both the spirit and the letter of the text. Conversely, sometimes the text of a resolution itself may seem reasonable, but the underlying motive of the filer may diverge from this text.[34] In these cases we may choose not to support the resolution.

Whilst we take a case-by-case approach to the majority of voting decisions, we have a few voting commitments. Climate disclosure and action is a particular theme which we support as a matter of policy. Given the salience of this issue to all companies, we commit to support any reasonable shareholder resolution on this topic. In addition, we systematically support any reasonable motions designed to increase transparency in a company's political contributions,[35] as well as reasonable proposals to enhance shareholder rights by lowering the threshold required to call special meetings.[36]

HOW WE CONDUCT VOTING

Coordination by responsible investment specialists, and oversight by the CIO, ensures consistency of voting and reporting.

Our process begins with an alert of an upcoming meeting, and circulation of third-party voting research; this is followed by our in-house analysis and provisional recommendations.[37] This is provided to the portfolio manager(s) responsible for the company concerned. All items are assessed, typically including: executive pay, Board membership, auditors, and any shareholder resolutions. An initial recommendation is generally made at this point, although this may be subject to further discussion or engagement.

When we identify issues as meriting engagement, we seek to undertake this before finalising a decision. This includes all cases where we are strongly considering a vote against management. Other examples might be where a shareholder resolution

[32] I.e., companies with both clear goals, and those prioritising key stakeholders such as employees, customers, society or the environment.
[33] We carefully consider proposals linked to sustainability impacts such as climate change, diversity, and human rights matters.
[34] One acute example of this was a shareholder resolution filed by the National Legal and Policy Center at the 2022 Berkshire Hathaway annual general meeting. Although the text related to a request for an independent chairman, the filer used the platform to argue against "economic and cultural radicalism".
[35] We have seen recent examples of resolutions, which we do not routinely support, asking for an assessment of the ideology behind political donations which are overly partisan. These are not focused on transparency per se, but are generally a call to action on a particular agenda. We explain such instances in our reports.
[36] An exception to this is where the proposed threshold would empower one large shareholder to call a meeting unilaterally. In general we see a 10% threshold of ownership as too low, on this basis.

raises questions around corporate behaviour, or resolutions which our proxy advisor has flagged as contentious. Following portfolio manager review, internal dialogue and engagement where merited, we finalise our voting decisions and record our rationale.[38] For contentious motions, the approval of the CIO is required (unless this is in line with one of our codified voting positions, such as supporting lobbying disclosure). Given the prominence of ISS in shaping voting outcomes in the US, our current definition of contentious is a vote against the recommendations of ISS.

We believe that stewardship is a core part of our value proposition as an active manager with a strong focus on responsible investment. We see stewardship and investment decision making as complementary, and often overlapping, activities. We also think that companies receive the clearest messaging on how to prioritise issues when given unanimous voting signals by investment managers. This is consistent with our position on not abstaining on resolutions. As a result of all the above, we have elected not to pursue split voting.

OUR APPROACH TO VOTE DISCLOSURE

We disclose our voting activity at least twice a year as part of our responsible investment and engagement reporting. This allows us to detail the rationale of significant votes, which we define as votes:

- Against the recommendations of ISS (see contentious votes above).
- Against the recommendations of management.
- On any shareholder resolution.
- On resolutions proposed at special meetings.

In the interests of transparency we also publish a consolidated table of all of our voting activity, without rationale, once a year. We would, however, encourage our investors to read our full reporting on these matters, to understand the rationale and related engagement activity. As outlined above, we do not support all shareholder resolutions for a variety of reasons. But we may well have discussed underlying issues with the companies in question, and encouraged greater focus on these issues.

We do not typically disclose our voting intentions in advance of a meeting. This is for a number of reasons, not least because we do not finalise our decisions on some motions prior to engagement, extensive research and internal discussion. We are also mindful of the risks that we may be perceived to influence others' voting, or that we are perceived to be colluding on voting issues.

In isolated cases, we may determine that prior vote disclosure is merited. In such cases we will seek to disclose this on the date of, or proximate to, the date of a meeting. This reduces the risk of us being seen to influence others. We will also make efforts to disclose this publicly on the UN PRI's shareholder resolution database.[39]

HOW OUR GOVERNANCE STRUCTURE SUPPORTS RESPONSIBLE INVESTMENT

The Partners of Findlay Park have delegated certain responsibilities to a partnership Board, which includes a founding partner in James Findlay, several independent members, and executives. It meets quarterly and, among other matters, reviews and approves our approach to responsible investment.

Executive Board members include our CIO, CEO, COO and Responsible Investment Lead, who is CEO designate and an Investment team partner. Pending FCA approval, she will transition to the role of CEO in April 2025 whilst our current CEO will transition to the role of Executive Chair.

[38] Often this requires active decision making on the part of the PMs. In cases where no contentious issues have been raised, the PM will be notified and consent presumed after a reasonable time-period.

[39] Our disclosure through this platform is subject to operational issues on the part of UN PRI, and given the nature of the platform will be limited to disclosure on shareholder resolutions [accessed: https://collaborate.unpri.org/shareholder-resolution].

In 2022, we created a new Responsible Investment Committee, chaired by the Responsible Investment Lead. Membership comprises senior Investment team members, as well as representation from our Investor Relations, Investor Services, and Compliance teams. This Committee approves and oversees the implementation of the Responsible Investment policy, monitors portfolio-level sustainability characteristics and reviews and approves related policies and reporting.

As outlined above, decisions on contentious votes and escalated issues, require the approval of the CIO. Weekly investment partner meetings also help monitor portfolio-level issues, including matters related to voting where these merit discussion. Any key changes, for instance material changes in sustainability data, are also discussed at these meetings. This helps ensure that responsible investment issues are fully integrated within our investment process.

Responsible investment regulation, and related risk and compliance issues, are also subject to discussion at our Risk and Compliance Committee, chaired by the Head of Compliance and Risk. This enables detailed discussion of responsible investment risks and regulation. Our General Counsel and Compliance and Risk department review our policies, including the Responsible Investment and Engagement Policy.

We benefit from the independent oversight and input from the Board of Directors of the Fund (Findlay Park Funds ICAV), which oversees our approach to responsible investment issues from a Fund governance perspective. The Fund Board approve the Fund's investment objective, policies and any updates to the Prospectus or Constitution in accordance with Central Bank of Ireland requirements – this included approving the update of the Prospectus in 2021 which reflected the Fund being classified as having sustainability characteristics under SFDR (i.e. 'Article 8'). The Fund Board receives sustainability information quarterly to enable its oversight.

Occasionally, where appropriate, we have sought external legal, regulatory and consulting expertise as we have developed our approach to responsible investment. For instance, our approach to 'Article 8' has been refined in discussion with consultants specialising in sustainability and regulation.

HOW OUR APPROACH TO CONFLICTS AND INCENTIVES SUPPORT RESPONSIBLE INVESTMENT

We aim to remove barriers to, and create incentives for, investment decisions in the best interest of investors.

Our Personal Account Dealing Policy prohibits all Findlay Park employees, from investing in listed equities. We manage one investment strategy, available via one fund, and do not manage separate accounts. As such, our business structure presents limited scope for conflicts of interest. In the unlikely event that a conflict arises with regard to a voting decision, our policy is to vote in line with the recommendation from our proxy advisor, ISS.[40] Our Conflicts of Interest Policy, which includes consideration of responsible investment issues, is available on request.

All Investment team members are incentivised according to three pillars: quality of work, performance, and collaboration. One of the questions under quality of work is: 'Have you considered ESG factors in your research?'

HOW WE REPORT ON RESPONSIBLE INVESTMENT AND INTERACT WITH INVESTORS

We report our activities on a semi-annual basis, including voting decisions, examples of engagement and key sustainability metrics. As outlined above, we maintain a record of every vote cast recording detailed rationale for all decisions made relating to contentious proposals.

We are a signatory to the UN PRI and are committed to reporting in accordance with these Principles. Our first report explaining how we have complied with UN PRI was submitted in March 2020 during the voluntary reporting period. We also report with reference to the UK Stewardship Code, SFDR and TCFD.

[40] In the case of a personal conflict this may be mitigated by recusing the individual from a voting decision.

We carefully consider investor needs, requests, and questions on responsible investment issues. We monitor investor priorities, and policies, and integrate awareness of these into our strategic planning. We spend time answering detailed questions on responsible investment, and welcome meetings with a focus on responsible investment.

Feedback from investors has been important to the development of our responsible investment strategy. For instance in 2021 a number of investors suggested that our approach to investment might best be classified as having sustainability characteristics under SFDR (i.e. Article 8); this strongly influenced our decision to formalise how our approach aligns with sustainability issues and to make the related commitments required in order to meet the requirements of this regulation.

HOW OUR CULTURE ALIGNS WITH RESPONSIBLE INVESTMENT

Our culture is key to the achievement of our purpose, and supports our approach to responsible investment. Culture means a number of things to us, including: openness and honesty, pursuit of continuous improvement, collaboration, and being 'one team'. Underpinning this is a commitment to never risk our reputation.

Our emphasis on continuous improvement and teamwork means that we constantly learn and challenge each other. All new members of the firm are given an introductory briefing on responsible investment at Findlay Park, as well as related compliance training; some of us undertaken external sustainability training and qualifications.

The focus on being 'one team' also means that everyone's views matter. We aim to foster an inclusive environment, welcoming diverse views and perspectives. Our hiring process includes a focus on cognitive diversity, and we monitor the gender diversity of candidates short-listed for all positions. We also undertake a culture survey, to better understand and benchmark employee views across a number of topics: culture, growth and development, leadership, and diversity and inclusion.

Operationally, we aim to model behaviours expected of responsible companies. We monitor our progress on environmental stewardship as well as community giving. Since 2022 we have quantified our operational emissions, including some areas of Scope 3 (for instance related to travel) outside of our "financed emissions". Like most asset managers, the vast majority of our GHG inventory arises through our investment activities. Further information on this can be found in our TCFD reporting available on our website. As detailed in our approach to climate above, this area will be an area of ongoing focus from a stewardship perspective. In late 2023 we moved to a new office, owned by the Crown Estate – a landlord with strong environmental credentials and a net zero commitment. Electricity in this building is fully renewable.

We support a number of charities – with a particular focus on social inclusion. Current charitable partners include the Resurgo Trust, which runs several initiatives including the Spear Programme. The Spear Programme equips unemployed young people to enter employment or progress into further training and education.

We also support individual giving. Each year, every member of the Findlay Park team can select a charity or charities of their choice to receive a donation from Findlay Park. In our experience, almost all of us have a charitable cause that we are passionate about, across areas including education, health care and human services. Over the past decade this giving effort has donated to more than 200 different charities.[41]

Approved by the Findlay Park Board of Directors

With effect from 1st April 2025.

[41] Data as at 31st December 2024.

Risk Warnings: The value of investments and the income received from them may go down as well as up, and you may not get back the original amount invested. Capital is at risk. Past performance is not a reliable indicator of future results. The base currency of the Fund is US Dollar. The Fund may invest in assets which are denominated in other currencies; therefore changes in the exchange rate between the base currency and these currencies will affect the value of the Fund. Where an investor's own currency is not the US Dollar then, due to exchange rate fluctuations between this and the US Dollar, the performance of the investment may increase or decrease further as a result.

The Fund is also subject to certain specific risks including: Concentration Risk and Sustainability Risk. Further details of these and other risks associated with an investment in the Fund are described in the Fund's Prospectus, Key Investor Information Document (KIID) and applicable local offering documents.

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Any investment in the Fund will be subject to the terms, including a list of risk factors and conflicts of interest, set out in the Fund's Prospectus. Investors in Europe should read the KID and Summary of Investor Rights. The KIDs (including Dutch, French, German, Italian, Spanish and Swedish translations) are available at findlaypark.com and upon request. Investors in the UK should read the KIIDs and the Supplementary Information Document available at findlaypark.com and upon request.

The American Fund is categorised as an Article 8 Fund under the European Union Sustainable Finance Disclosure Regulation (SFDR). Please see the website for more details.

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