Responsible Investment & Engagement Policy

Introduction

At Longview Partners ("Longview"), we, as institutional investors, believe that companies need to be managed in the interests of shareholders. On behalf of our clients, we have a duty to ensure that we invest in companies where directors run companies in line with shareholder interests and that these directors are fully accountable to the shareholders. We believe that companies with good corporate governance are more likely to be successful companies that deliver long-term value to their shareholders, and it is in these companies that our investments are concentrated.

Longview is a signatory to the United Nations Principles for Responsible Investment (UNPRI), a voluntary and aspirational framework for incorporating Environmental, Social and Corporate Governance (ESG) issues into mainstream investment decision-making and ownership practices. Also, as a signatory, Longview fully supports and is committed to the UK Stewardship Code published by the Financial Reporting Council (FRC). For further information on how ESG considerations are embedded within our research process, please refer to our UK Stewardship Code Report which is maintained on our website here.

Longview is a member of the Institutional Investors Group on Climate Change (IIGCC). The IIGCC is the European membership body for investor collaboration on climate change which is a systemic risk across the global economy. The IIGCC has developed several workstreams to collaborate with stakeholders, represent members on the global stage, produce reports and guides for best practice initiatives, and strengthen the contribution investors make in helping to realise a low carbon future.

Longview Partners' Investment Approach

Longview seeks to consistently generate long-term alpha by investing in a concentrated portfolio of global equities. Our bottom-up approach invests in high quality companies with strong business fundamentals and attractive cash-based valuations. We take a long-term approach to investment and seek to invest in companies that can create long-term value for shareholders. ESG considerations are embedded within the Quality assessment of our investment process because we believe that is the right approach to investment: identifying high quality businesses that will deliver over the long-term.

We strive to invest in predictable business models. Companies that are overly sensitive to external forces and exogenous factors beyond management control would not be part of our universe due to the unpredictability of their return profile. Companies exposed to fossil fuels, metals and mining companies and deep cyclical industrials, which are heavy users of energy and significant emitters of greenhouse gases, are unlikely to be part of the portfolio. As a result, the carbon intensity of our portfolio is low, a by-product of the investment philosophy that we have had in place since inception.

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We seek to own high quality companies which can earn sustainably high returns on capital supported by demonstrable and enduring competitive advantages. Other Quality factors include identifiable growth, predictable cash flows and well-considered allocation of capital. A key part of understanding the quality of a company includes an assessment of ESG factors.

ESG Analysis

Assessing the significance of ESG-related risks and opportunities is embedded within our bottom-up research process and considered as part of our Quality rating. When analysing the quality of the companies in which Longview invests, ESG considerations are not Longview's sole focus and the impact of ESG factors on performance is not separately measured.

One key aspect of our approach to embedding ESG is that we do so through a lens of materiality. Materiality is the relevant impact of a sustainability factor, principally on a company's financial performance: on the ability of a business to create value in the short-, medium-, and long-term. Financial materiality is a key aspect; however, Longview also considers reputational, regulatory, legal and environmental impacts. Materiality also influences how we prioritise engagement with companies.

We consider a wide variety of information when analysing companies. Analysts will generally start by reviewing primary sources of information released by both the company being analysed and its competitors. This includes annual and quarterly reports, presentations, conference call transcripts and a wide range of regulatory filings.

Our Research Team meets with company management or investor relations teams during the process to understand their strategy, cash deployment, industry dynamics and approach to ESG, amongst other things. Longview also accesses other external information from providers such as, but not limited to:

- Sustainalytics – an external provider of ESG information and ratings
- S&P Trucost – an external provider of TCFD-aligned carbon data, metrics and climate analytics
- Glass Lewis – an external provider of proxy voting research and advice
- FactSet – wide-ranging data aggregation
- Data providers – from time to time we purchase data sets from third-party providers to supplement our understanding of a company or industry
- Sell Side Research Providers – we subscribe to read-only research services from several sell side brokerage houses
- Expert Networks – firms that facilitate the exchange of information between industry experts and investment professionals
- Industry conferences.

The Research Team uses primary source material in analysing businesses and may use ESG information and independent assessments from the providers above to supplement their own ESG work.

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M.O.R.E. ESG Analysis

To ensure consistency in our approach when analysing ESG matters, Longview's Research Team has developed an analysis framework which is used during initial company research; and throughout the holding period when material ESG issues are noted or as part of a company's Quality review. The framework considers matters of Materiality, Opportunity, Risk and Engagement (M.O.R.E).

M = Materiality

Materiality considers the significance of the impact of ESG factors. These are the ESG considerations which we believe are most likely to be material for our portfolio companies or impact their ability to generate sustainably high returns on capital. Materiality may differ from one sector to another, or one company to another, but all our ESG analysis is conducted through the lens of materiality. Financial materiality is a key aspect as most issues will ultimately impact the financials of a company. However, Longview also considers reputational, regulatory, and legal impacts amongst others. Materiality is also a key determinant of our approach to and prioritisation of engagements. The ESG factors considered by Longview's Research Team may include:

Environmental	Social	Governance
How does a company manage its operations in consideration of climate change and other environmental issues? (Using Sustainalytics and Longview's proprietary research) • Greenhouse gas emissions • Energy efficiency • Environmental impact of products and services • Impact on biodiversity • Emissions, effluents and waste • Natural resource use. As part of our annual Task Force on Climate-related Financial Disclosures (TCFD) reporting, we leverage S&P Trucost's climate tools, including Carbon Earnings at Risk (CEAR), Paris Alignment, and Financial Value at Risk, to evaluate the exposure of our portfolio companies to climate transition and physical risks.	How does a company manage its workforce, supply chains and impact on the communities where it operates? • Human rights • Labour conditions including health & safety and modern slavery practices in a company's operations and supply-chain • Diversity and inclusion • Data privacy and security • Corporate culture which may impact a company's relationships with its employees, community and other stakeholders.	Are high standards of corporate governance being applied within a clear and transparent framework? • Governance structures (board structure, composition and diversity) • Executive compensation • Management's framework for capital allocation • Interests of minority shareholders.

O = Opportunities

Initial company research should consider the following question:

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Are there any identifiable, material E, S or G opportunities arising for the company?

R = Risks

Initial company research should answer the following four questions:

1. **Minority Shareholders** - Is there any reason, ESG or otherwise, to be concerned that the company may not be acting in the interests of minority shareholders?
2. **Historic ESG Issues** - Has the company experienced material ESG issues in the past and what action was taken in response?
3. **Long Term Value Creation** – Do we perceive any ESG risks that would affect the company's ability to create long term value for shareholders in the future?
4. **Sustainalytics** - Are there any material issues raised by Sustainalytics and/or stakeholders?

E = Engagement

If any issues are raised and deemed material, either prior to or during the holding period, Longview may choose to engage with the company to seek comfort or clarity around a particular issue before confirming the Quality rating. All engagements are recorded in our Engagement Log and where necessary discussed in a quarterly ESG Review.

Examples of ESG Considerations and Analysis Undertaken

Environmental

Poor management of environmental issues, including climate change, represents a risk for any company. As noted above, structurally, our portfolio is likely to have low carbon risk relative to global benchmarks due to our lack of exposure to oil and gas, mining, metals, and deeply cyclical businesses. We are also aware of the potential risks to the long-term growth prospects for businesses supplying equipment to these companies and other heavy emitters. However, clearly there is also the potential to identify beneficiaries of the move towards a low carbon economy such as the electric vehicle ecosystem or manufacturers of energy efficient products.

We conduct a climate commitment audit on the Longview portfolio on an annual basis. We began conducting this audit in 2021 by accessing publicly available information from the Carbon Disclosure Project, company websites and Corporate Social Responsibility, ESG or Sustainability reports, amongst other sources, to assess the climate position of companies in the portfolio. Our findings enable us to directly engage with companies when needed to either clarify existing targets and transition plans or push for further action.

Social

The S in ESG is a broad category. Not only does it encompass human rights, labour conditions including modern slavery and child labour, and other negative health and safety factors, but also diversity and inclusion.

Social considerations hold relevance for the company's workforce, management team and supply chain; and for the company's impact on the communities where it operates. Much of the analysis of workforce management at the company and within its supply chain is considered during our Quality discussions. In addition, Sustainalytics may highlight further issues on which we may choose to engage with company management or investor relations team.

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One example of the above considerations is our thematic engagement on the human rights issue of modern slavery. We engaged with a cohort of our portfolio companies to understand how they are addressing the risks of modern slavery in their operations and global supply chains. We selected to engage with companies across a broad range of sectors as we wanted to define a generalist approach for how we can engage on modern slavery across the Longview portfolio going forward, regardless of a company's sector or geography. Also, we believe that no industry is immune to this issue.

We conducted a high-level risk assessment on each of our portfolio companies based on their geographic and industry exposure; we then analysed company-specific data provided by Sustainalytics to assess the scope of social standards for suppliers for a sub-set of our portfolio companies; and lastly, we engaged with 30% of our portfolio companies (10 companies) to assess how they identify, assess, mitigate and act on the risks or instances of modern slavery in their operations and supply chain.

Equally for Longview, attracting and retaining talent is fundamental to the sustainability of the firm and the hiring process is detailed and rigorous. Longview works diligently with various specialist search firms to ensure we source the best quality candidates with the appropriate skillsets for each of the roles we seek. We aim to ensure our access to a broad and diverse pool of quality candidates.

Governance

Governance is a key component of our Quality rating and encompasses, amongst other things, governance structures, remuneration and management's framework for capital allocation. We expect governance structures to ensure high standards of management oversight and to protect the interests of minority shareholders. We expect remuneration to be proportionate and fair, and for management incentives to be well-aligned with shareholders and focused on the long-term health of the business. We expect management to give due consideration to all capital allocation options with a view to maximising long-term shareholder value.

Governance forms a significant part of our regular interactions with companies through a combination of management and board level discussions, proxy voting and, where necessary, escalation through private correspondence, calls and meetings.

Engagement Policy

At Longview, we recognise our responsibility to act as a fiduciary on behalf of our clients and their beneficiaries.

As long-term investors, we engage with companies through a robust engagement selection process on matters of stewardship and ESG as part of our overall investment research and our assessment of a company's Quality rating. Where appropriate, we will contact a company seeking clarity or to discuss contentious issues as part of our ongoing dialogue with management. If we are meeting with management, we will discuss strategy and general corporate responsibility as well as specific ESG factors which we believe are most likely to be material for our portfolio companies or impact their ability to generate sustainably high returns on capital.

We evaluate the effectiveness of company management on these issues and if past, current or anticipated future behaviour is judged to be a risk, our concern will be reflected in our Quality rating.

Engagement is an important mechanism for providing feedback on company practices, policies and disclosures, particularly where we believe they could be enhanced. The CIO, Head of Research, and Relationship Management Team, including the Head of Sustainability, hold a quarterly ESG Review where they discuss and prioritise engagements. We focus our ESG engagement efforts on companies where we have identified ESG-related issues in our proprietary research process. A key part of the selection process is materiality.

We primarily engage through direct dialogue but also use other tools such as written correspondence to share our perspectives. In general, we prefer to maintain confidentiality in our discussions with management, however where appropriate we will reach out to other significant shareholders and possibly join forces. Whilst we put our views forward strongly, we do not consider ourselves activist.

In addition to company engagements, we may undertake thematic engagements across several companies or even the entire portfolio. As a single-product firm, we focus our efforts on the areas where we believe we can make an impact. Examples include our engagements with portfolio companies on the topics of Modern Slavery; Climate Change; Health Equity; Data Privacy and Security; and Diversity and Inclusion.

Ongoing Monitoring of Investments

During the continual assessment of our investments, we have ongoing dialogue with the management of companies in which we are invested or may be invested when appropriate. Research on portfolio holdings is regularly updated by the Research Team and we keep track of progress updates made on any ESG-related engagements in a systematic way via an Engagement Log.

We keep track of all engagements in an Engagement Log where we periodically review the progress made and prioritise as necessary. The Relationship Management Team assists the Research Team by creating an entry in the Log for the engagement. The outcome for each engagement is clearly documented in the Log. We strive to be clear about the progress made against each objective and identify next steps or monitoring, where appropriate, which triggers the escalation process when issues are not being addressed.

If the monitoring process highlights that sufficient progress on a specific engagement objective is not being made within a reasonable timeframe and it is material to our Quality rating, Longview would contact the company to discuss the matter further. Longview will make clear its concerns, as well as our expectations in terms of outcome. This dialogue may be with the Chairman, Lead Independent Director, CEO or CFO of the company.

Longview is willing to challenge management to protect and enhance the interests of clients and will exercise the right to vote against management, where appropriate. We share the details of significant votes made as per the Shareholders Right Directive II (SRD II) regulation within our Implementation of Engagement Policy disclosure which is made available on our website here. Longview defines a significant vote as any of the following:

1. One where we have voted against management
2. Where >15% of total votes have been cast against management or withheld
3. Where we have voted against our proxy adviser's recommendation.

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As part of our escalation process, if after discussions, we believe that management is failing to act in shareholders' interests, we may reduce our Quality rating to Q3 and sell our holding in order to minimise the risk of loss of shareholder value and protect clients' interests.

Our policy on the exercise of voting rights on behalf of our clients is outlined in our Shareholder Activism Policy which is made available on our website here. During a company rights issuance, Longview can exercise rights attached to shares if deemed to benefit the portfolio.

On behalf of our institutional clients, we employ the services of the proxy voting advisor Glass Lewis, a leading independent provider of corporate governance solutions to the financial services industry. Glass Lewis fulfils two functions. Firstly, as a purely operational process, they ensure the voting instructions provided by Longview are implemented across client accounts. Secondly, Glass Lewis uses publicly available sources of information such as stock exchanges, regulators, and company filings to provide research and analysis and make voting recommendations. Glass Lewis's research team also engages extensively with public companies, investors, regulators, and other industry stakeholders to gain relevant context into the realities surrounding companies, sectors, and the market in general. Glass Lewis has partnered with Sustainalytics to provide additional ESG-specific information in their proxy voting analysis.

Glass Lewis provides structured reports which detail their research and recommendations on each resolution to be voted on. The Research Team uses the Glass Lewis research in its decision-making process. If appropriate, the decision may be to vote against Glass Lewis's recommendations and/or against management. Where the decision has been taken to vote against management, we contact the company to engage with them when possible.

For further information on Longview's ESG Policies and related resources, please refer to our website here.

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