



Engagement Policy

Phoenix Asset Management Partners Limited ('PAMP')

17 April 2023

Introduction

Phoenix is required to develop and publish an engagement policy in response to Shareholder Rights Directive II (SRD II) (Directive 2007/36/EC as amended by Directive 2017/828), enacted by the FCA in COBS 2.2B SRD requirements.

Amongst other things, an engagement policy must describe how Phoenix monitors investee companies, cooperates with other shareholders, and communicates with all relevant stakeholders.

In addition, on an annual basis, Phoenix will declare significant votes made in relation to its investee companies during the previous calendar year. This disclosure is relevant for all Phoenix clients and funds.

Application

For the avoidance of doubt, the regulation and this policy is only directly applicable to Phoenix where the holding is a company listed on a regulated exchange (the London Stock Exchange for example) and as such will not include any reference to unlisted entities, funds or any other financial instrument that is not a listed security.

In addition, Phoenix is not required to disclose votes that are insignificant due to the subject matter of the vote or the size of the holding in the company. Information relating to value or number of shares held will not be disclosed.

Engagement at Phoenix

Research and continual assessment

All research at Phoenix is primary, interacting with the target company and its products or services ("scuttlebutt") as well as a thorough review of published financial documents.

If an investment passes initial assessment it moves into the next stage – called DREAM Dynamic Relative Evaluation Assessment Model. The DREAM model was developed in house and is used to help evaluate potential investments. Three key elements are assessed using our pre-defined criteria within the categories Business, Management and Price:

- Business – Important considerations are: Return on capital (ROC), pricing power, market position and predictability, transparency, regulation, reputation, and past performance.
- Management – looking for a good management with integrity and a pro-shareholder attitude for capital allocation and share ownership.
- Price – we buy at a price where we expect to make at least 15% pa. and use Ben Graham's "Margin of Safety". We consider the price to be the total of all debt and equity.

If an investment is made, then it will be continually assessed using the proprietary DREAM process. Each component is rated according to our internally developed scale – it is given an “R” rating (score), a “D” rating (Depth of available material that has been analysed to come up with “R”), and a “C” rating (Confidence in “R”, which has a direct relationship with the “D” rating). Every assessment is documented so we can learn from any mistakes.

How does Phoenix integrate shareholder engagement in its investment strategy?

As part of its research and continual assessment process, Phoenix will take time to understand each individual company, including how they engage with their shareholders and who those other shareholders are.

It is important to Phoenix that investee companies engage with their shareholders as this is one of the routes Phoenix takes to research and assess its investments – either through published documents or regular strategy or investor relation days. Knowledge of other shareholders is also useful, although Phoenix will not actively engage with them, so as not to be unduly influenced by other views.

This knowledge may be an important factor in deciding whether a target company will become an investment, as it may help solidify Phoenix’s view on a company, whether negative or positive. For example, a solid stable business will likely have good shareholder engagement and long-term shareholders.

How does Phoenix monitor investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, and environmental and social impact and corporate governance (ESG)?

The Phoenix approach to ESG within our investment framework is constantly evolving.

The analysis of material ESG factors is integrated into our proprietary system for evaluating investments, DREAM. Factors assessed are: Environmental factors, social and governance factors, and environmental and social attitude.

Governance has always been a key element of our investment process, but our aim is to enhance our analysis from an environmental and social perspective.

From an environmental perspective, we measure the extent to which a business’ future profitability could be impacted by the environmental sustainability of the current business and the likely threat/benefit from changes in the future.

From a social perspective, we measure the way in which a business manages its social obligations. Long-term, there seems to be a correlation between the way a business manages its social obligations and how it performs financially. In some cases, implicit in a company’s business model might be the exploitation of certain social obligations which we aim to identify during this analysis.

It also considers the risk factors facing a business because, just as there is an upside for businesses that manage their social obligation well, the downsides for those that do not, can be significant.

We rate the extent to which a management does what is possible given their circumstances. For example, some managements could do a great job in difficult businesses especially when compared to other industry participants.

Whilst ESG factors have always played a part in our investment process, the objective in the evolution our approach is to aid our investment thinking and help identify businesses which will have an enduring future franchise.

Our aim is not to exclude certain sectors or companies from our investment universe, but better understand their impact from an ESG perspective. It is our belief that future winners will be the best operators from an ESG perspective in the industry in which they operate.

We do formally restrict tobacco and arms companies from our investment universe at present and have investment vehicles which do not invest in fossil fuel companies.

How does Phoenix conduct dialogue with investee companies?

We monitor our investee companies very closely. We analyse as much publicly held information as possible with a focus on communications issued by the company itself. This includes reports and trading statements. Where we have access to management (by virtue of the size of our shareholding), we may have regular dialogue with senior members of the investee company's Board. We conduct in-depth research into a potential investee company's management, and we continue this level of monitoring throughout the duration of our investment. In many of the companies that we have invested in over the years, we have met personally with those companies' management. We do not like being made insiders and we will make sure that any dialogue with management will not take us 'inside' unless we agree to this prior to the communication being made.

We believe that our approach to investment means that ideally the companies that we invest in are well-run by the incumbent management. Our investment philosophy is value-based, and we tend to invest with a long-term time horizon. We approach every investment as if we were purchasing the whole company. We look for businesses which we believe we understand, run by managers who are competent, honest and who act in the interest of shareholders. The strength of our confidence in a company's management is integral to our investment in that company. We seek to purchase our investment at a price that will earn a long-term return of 15% per annum. We are indifferent to short-term share price fluctuations; we expect to make our return through the performance of the business, the profits it distributes and the growth in its long-term intrinsic value.

PAMP only invests in companies where the business risks are understood and where there is transparency in reporting. An investment will not be made if there are any significant concerns about either management or matters of corporate governance and, as a result, PAMP is generally supportive of management. Effective monitoring of investee companies is fundamental to fulfilling our responsibility to clients. We monitor our investee companies closely using a wide range of sources and media such as through company statements, podcasts and other investor communications. Where we have, by virtue of the size of our shareholding, access to management, we may have regular dialogue with the company's leadership.

Our policy on intervention is driven by the fact that we hope we never have to do so. Where we consider that we need to intervene, this will always be done with due care for our own investors' interests. We are not activist investors; however, we will intervene with our investee companies' management when necessary.

How does Phoenix exercise voting rights and other rights attached to shares?

Phoenix are long-term investors who see good, honest management as a key prerequisite to investing in a company. We will never invest in companies where we do not have confidence in the management. As a result, the need to intervene or escalate will ideally never arise. However, on the rare occasions where the need does arise, we will act according to the particular circumstances of the case and always with our investors' interests in mind. In cases where we have access to management, we will raise our concerns to the company's leadership discreetly. If necessary, where our concerns are not addressed, we will consider our exit from the investment. Where this would not be possible (particularly from a shareholders' value perspective), we will seek to influence the company through other means such as through the company's AGM and/or meeting with management and other investors.

We have a clear policy on voting and on disclosure of voting activity. Our policy is to participate in all ballots with respect to the companies that we invest in and to vote all shares held. We consider each

item on the agenda and, in the vast majority of cases, we will vote with management. We do this because we believe in the competence and abilities of the investee companies' management and because we (in the vast majority of cases) agree with the items placed on the agenda. In those rare situations where we do not agree with an item on the agenda, we will either abstain or vote against the items that we disagree with. Where we judge an item to be potentially contentious, and where we have a major shareholding, we will highlight any concerns to management in advance of the meeting. Our overriding concern is always for what is in the interests of the funds and collective investments that we manage.

How does Phoenix cooperate with other shareholders?

As a general rule Phoenix will not seek the views of other shareholders or act collectively with them. We are not activist investors. We recognise, however, that there may be a situation that requires this and so any decision would be made on a case-by-case basis and always with the best interests of our investors in mind.

Good stewardship, in the sense of our investee companies being run by good, honest competent management, is essential to our long-term investment philosophy. Our confidence in the management is a prerequisite for our deciding to invest in a company. Simply put, if we like the company but do not like the management, we will not invest in that company.

How does Phoenix communicate with relevant stakeholders of the investee companies?

Phoenix undertakes primary research on all target and investee companies, this often involves contact with relevant stakeholders, be it suppliers, competitors, or employees. Although it would be highly unusual for Phoenix to communicate with stakeholders in any way other than for research and assessment purposes, for companies in which we hold a controlling stake additional communication may be required or necessary.

How does Phoenix manage actual and potential conflicts of interests in relation to the firm's engagement?

We are aware that the industry in which we operate provides many areas where conflict may arise. We strive to identify and avoid potential conflicts, always acting in the best interests of our clients. In those instances where a conflict cannot be avoided, we seek to manage and mitigate it to the best of our abilities. To this end, we have internal policies and procedures and maintain a conflicts register. All identified conflicts are reported to senior management and periodic reviews are undertaken of any mitigation in place.

Significant Votes Cast - 2022

Phoenix consider only deliberate abstain or against votes where it holds a meaningful number of voting shares to be significant. Generally, Phoenix will vote with management. A meaningful number of voting shares is 5% or more in a listed company, the threshold at which regulatory voting disclosures are required in the UK for investment managers.

We have also chosen not to include proposals regarding political donations – PAMP will always vote against such proposals. PAMP does not agree with political donations as a matter of policy.

Company Name	Meeting Date	Meeting Type	Type of Proposal	Proposal Long Text	Against/ Abstain	Reasoning
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	APPROVE REMUNERATION POLICY	Against	PAMP did not agree with the proposal as it was considered

						too generous in light of the lack of confidence in management
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	RE-ELECT JOHAN LUNDGREN AS DIRECTOR	Abstain	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	ELECT KENTON JARVIS AS DIRECTOR	Against	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	ELECT STEPHEN HESTER AS DIRECTOR	Against	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	RE-ELECT DR ANDREAS BIERWIRTH AS DIRECTOR	Abstain	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	RE-ELECT CATHERINE BRADLEY AS DIRECTOR	Abstain	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	RE-ELECT NICK LEEDER AS DIRECTOR	Abstain	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	RE-ELECT JULIE SOUTHERN AS DIRECTOR	Abstain	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	RE-ELECT SHEIKH MANSURAH TAL-AT MANNINGS AS DIRECTOR	Abstain	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	RE-ELECT DAVID ROBBIE AS DIRECTOR	Abstain	PAMP did not have confidence in Management at the company
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	AUTHORISE ISSUE OF EQUITY	Against	PAMP did not agree with the proposal as the outcome would mean a dilution in our holding in the company.
EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	APPROVE RESTRICTED SHARE PLAN	Against	PAMP did not agree with the proposal as the outcome would mean a dilution in our holding in the company.

EasyJet Plc	10/02/2022	Annual General Meeting	Management Proposal	AUTHORISE ISSUE OF EQUITY WITHOUT PRE-EMPTIVE RIGHTS	Against	PAMP did not agree with the proposal as the outcome would mean a dilution in our holding in the company.
R&Q INSURANCE HOLDINGS Ltd	25/05/2022	Special General Meeting	Management Proposal	APPROVE MATTERS RELATING TO THE RECOMMENDED CASH ACQUISITION FOR RANDALL QUILTER INVESTMENT HOLDINGS LTD BY BRICKELL PC INSURANCE HOLDINGS LLC	Against	PAMP did not agree with the proposal as the outcome would mean a dilution in our holding in the company.
R&Q INSURANCE HOLDINGS Ltd	25/05/2022	Special General Meeting	Management Proposal	ADOPT NEW BY-LAWS	Against	PAMP did not agree with the proposal as the outcome would mean a dilution in our holding in the company.
R&Q INSURANCE HOLDINGS Ltd	25/05/2022	Special General Meeting	Management Proposal	APPROVE CANCELLATION OF ADMISSION OF COMPANY'S ORDINARY SHARES TO TRADING ON AIM	Against	PAMP did not agree with the proposal as the outcome would mean a dilution in our holding in the company.
R&Q INSURANCE HOLDINGS Ltd	25/05/2022	Special General Meeting	Management Proposal	AUTHORISE ISSUE OF EQUITY	Against	PAMP did not agree with the proposal as the outcome would mean a dilution in our holding in the company.
R&Q INSURANCE HOLDINGS Ltd	25/05/2022	Special General Meeting	Management Proposal	AUTHORISE ISSUE OF EQUITY WITHOUT PRE-EMPTIVE RIGHTS	Against	PAMP did not agree with the proposal as the outcome would mean a dilution in our holding in the company.
R&Q INSURANCE HOLDINGS Ltd	25/05/2022	Special General Meeting	Management Proposal	ADJOURN MEETING	Against	PAMP did not have confidence in Management at the company
R&Q INSURANCE	14/07/2022	Annual General Meeting	Management Proposal	THAT: WILLIAM SPIEGEL BE RE-APPOINTED AS A DIRECTOR OF	Against	PAMP did not have confidence

HOLDINGS Ltd				THE COMPANY		in Management at the company
R&Q INSURANCE HOLDINGS Ltd	14/07/2022	Annual General Meeting	Management Proposal	THAT: TOM SOLOMON BE RE-APPOINTED AS A DIRECTOR OF THE COMPANY	Against	PAMP did not have confidence in Management at the company
R&Q INSURANCE HOLDINGS Ltd	14/07/2022	Annual General Meeting	Management Proposal	THAT: PHILIP BARNES BE RE-APPOINTED AS A DIRECTOR OF THE COMPANY	Against	PAMP did not have confidence in Management at the company
R&Q INSURANCE HOLDINGS Ltd	14/07/2022	Annual General Meeting	Management Proposal	THAT: ALASTAIR CAMPBOLL BE RE-APPOINTED AS A DIRECTOR OF THE COMPANY,	Against	PAMP did not have confidence in Management at the company
R&Q INSURANCE HOLDINGS Ltd	14/07/2022	Annual General Meeting	Management Proposal	THAT: JOANNE FOX BE RE-APPOINTED AS A DIRECTOR OF THE COMPANY	Against	PAMP did not have confidence in Management at the company
R&Q INSURANCE HOLDINGS Ltd	14/07/2022	Annual General Meeting	Management Proposal	THAT: EAMONN FLANAGAN BE RE-APPOINTED AS A DIRECTOR OF THE COMPANY	Against	PAMP did not have confidence in Management at the company
R&Q INSURANCE HOLDINGS Ltd	13/09/2022	Special General Meeting	Shareholder Proposal	PLEASE NOTE THAT THIS RESOLUTION IS A SHAREHOLDER PROPOSAL: RESOLVED, THAT WILLIAM SPIEGEL BE AND HEREBY IS REMOVED AS A DIRECTOR OF THE COMPANY (THE "DIRECTOR REMOVAL PROPOSAL")	Against Management	This vote was proposed by Phoenix

R&Q INSURANCE HOLDINGS Ltd	13/09/2022	Special General Meeting	Shareholder Proposal	PLEASE NOTE THAT THIS RESOLUTION IS A SHAREHOLDER PROPOSAL: RESOLVED, THAT KEN RANDALL BE ELECTED TO FILL A VACANCY OR AVAILABLE DIRECTORSHIP EXISTING ON THE BOARD, INCLUDING ANY VACANCY CAUSED BY THE DIRECTOR REMOVAL PROPOSAL, AND THAT MR. RANDALL SERVE AS A DIRECTOR OF THE COMPANY UNTIL THE NEXT APPOINTMENT OF DIRECTORS OR UNTIL HIS SUCCESSOR IS ELECTED OR APPOINTED (THE "DIRECTOR VACANCY PROPOSAL" AND TOGETHER WITH THE DIRECTOR REMOVAL PROPOSAL, THE "PROPOSALS")	Against Management	This vote was proposed by Phoenix
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Review

This document will be reviewed and updated on an annual basis.