Independent Franchise Partners Common Contractual Fund - Global Equity CCF and Global Equity CCF II (“the Funds”)

SFDR Article 10 Website Disclosures

(a) Summary

No sustainable investment objective

The Funds promote environmental or social characteristics, but do not have as their objective a sustainable investment.

Environmental or social characteristics of the financial product

The Funds’ promotion of environmental and social characteristics stems from a combination of high-quality ESG integration and our active and long-term approach to stewardship. The specific environmental and social characteristics promoted by the Funds varies by investee company. They are determined by the financially material ESG factors that may impact the company’s long-term durability.

Investment strategy

The Franchise investment approach is founded on the belief that a concentrated portfolio of exceptionally high-quality companies, whose primary competitive advantage is supported by a dominant intangible asset, will earn attractive long-term returns with less than average volatility.

Our approach to ESG is returns led. This means that we consider financially-material ESG factors to strengthen our assessment of a company’s franchise and its valuation. In addition, we incorporate financially-material ESG factors into our stewardship activities to help ensure companies act in the best long-term interests of their shareholders and manage financially-material long-term risks rigorously.

Proportion of investments

100% of the Firm’s equity investments are subject to the ESG integration and stewardship disciplines discussed above. The Funds may hold up to 10% in cash, though they usually holds no more than 5%. Therefore, overall, at least 90% of the Funds’ assets are subject to the ESG and stewardship disciplines.

Monitoring of environmental or social characteristics

The investment team is responsible for identifying and monitoring all financially-material risks and opportunities when assessing the quality of the company’s franchise and its valuation. This includes ESG factors. We employ a range of tools and processes to identify and monitor financially material

ESG factors. These include an ESG data dashboard, an ESG section in investment notes, company ESG reports, company meetings and an ESG engagement tracking tool.

Methodologies for environmental or social characteristics

We have identified nine sustainability indicators to assist in the measurement of the environmental and social characteristics promoted by the Funds. Seven environmental sustainability indicators relate to carbon emissions, emissions reduction targets and the quality of climate risk disclosure. Two social sustainability indicators relate to companies' adherence to International Labour Organisation (ILO) Principles and human rights standards.

Data sources and processing

We source data for the sustainability indicators from a range of providers, and favour data providers who are well resourced and provide transparency into their methodology and data collection processes.

Limitations to methodologies and data

We have identified three limitations to the sustainability indicators. These are the lack of disclosure by companies, the reliance on the methodology of third-party data providers and the challenge of measuring progress on social topics using quantitative methods. These limitations do not affect our promotion of environmental and social characteristics. This is because we conduct proprietary ESG research to help verify the data.

Due diligence

We conduct proprietary ESG research using in-house tools and frameworks. The portfolio managers are responsible for ESG due diligence and stewardship with support from the in-house ESG analyst. We use a broad variety of sources in our due diligence process including company disclosure, data, expert networks, NGO reports and academic research.

Engagement policies

Engagement is an integral component of the franchise investment approach and we are active in our stewardship responsibilities. Where we believe a company does not sufficiently manage its financially-material ESG risks, we will undertake engagement activities with the company. We employ a variety of engagement tools including face-to-face meetings with executives and board members, writing formal letters, and joining collaborative engagements with peers.

Designated reference benchmark

We have not designated a specific index as a reference benchmark to determine whether the Funds are aligned with the environmental and social characteristics it promotes.

(b) No sustainable investment objective

These Funds promote environmental or social characteristics, but do not have as their objectives a sustainable investment.

(c) Environmental or social characteristics of the financial product

The Funds' promotion of environmental and social characteristics stems from a combination of high-quality ESG integration and our active and long-term approach to stewardship. We believe that the promotion of environmental and social characteristics – through encouraging portfolio companies to better manage their material ESG risks through engagement and voting – can protect and enhance long-term shareholder returns.

The specific environmental and social characteristics promoted by the Funds vary by investee company. They are determined by the financially material ESG factors that may impact the company's long-term durability. Our long-term investment time horizon requires us to take a long-term and considered view of financial materiality.

We have developed a proprietary taxonomy of potentially financially-material environmental and social characteristics, set out below. We use this taxonomy to identify the financially material ESG factors for our portfolio companies.

Category	***Factor***	***Description***
Environmental	***Climate change physical risk management***	*Evaluation of a company's efforts to mitigate the impact of material climate-related physical risks within its operations and/or supply chain.*
	Environmental impact management	*Assessment of how effectively a company mitigates material risks and exploits opportunities related to its environmental impact and that of its supply chain.*
	Product design/impact	*Evaluation of a company's product strategy to capture opportunities and mitigate risks driven by environmental regulation or consumer preferences.*
Social	***Culture and human capital management***	*Assessment of how the company manages material risks and opportunities in its direct workforce in order to achieve its business goals.*
	Supply chain management	*Evaluation of how the company identifies, mitigates and monitors material social risks in its supply chain, such as child labour or worker exploitation.*
	Customer treatment	*Assessment of the company's approach to topics which impact customer trust and satisfaction, and which may also carry regulatory risk. These include product safety, data privacy and marketing practices.*
	Product design/impact	*Evaluation of the company's product strategy to capture opportunities and mitigate risks as a result of changes in consumer preferences or regulation driven by societal concerns.*

(d) Investment strategy

The Franchise Investment approach is founded on the belief that a concentrated portfolio of exceptionally high-quality companies, whose primary competitive advantage is supported by a dominant intangible asset, will earn attractive long-term returns with less than average volatility. These characteristics are typically found in companies producing branded consumer goods, pharmaceuticals, in media and publishing, and in the software and information services sectors. Similarly, these qualities are generally not found in capital-hungry industries such as oil and gas exploration and production, and utilities.

The Funds' portfolios are concentrated and each Fund will typically contain between 20 and 40 stocks.

The Funds are actively managed, and we use qualitative and quantitative analysis to determine which equity securities are included in the Funds' portfolio. Our research process is focused on identifying investment opportunities that demonstrate both the quality and value characteristics it believes can deliver sustainable, long-term investment returns.

As part of the investment process, we incorporate financially-material ESG factors into our investment decisions and stewardship efforts. Our approach to ESG is returns led. This means that we consider financially-material ESG factors to strengthen our assessment of a company's franchise and its valuation. In addition, we incorporate financially-material ESG factors into our stewardship activities to ensure companies act in the best long-term interests of their shareholders and manage financially-material long-term risks rigorously.

We may invest in companies when they are facing an investment controversy. These controversies may at times include an ESG component. We invest in these situations when we have confidence that the company's franchise is intact, the company's valuation reflects those risks, and the company can address its challenges and improve its management of ESG risk. Such opportunities can help to deliver attractive long-term investment returns for our clients. Further, we believe that active stewardship is a more effective means to promote environmental and social characteristics than divestment.

There are two distinguishing features of our approach to ESG. First, the investment team is responsible for stewardship and incorporating material ESG factors into the research process. Second, these activities are based on proprietary research, not third-party assessments or ratings. This ensures more effective identification and integration of material ESG factors into the investment process, and more effective stewardship.

We have developed three proprietary frameworks which support the incorporation and promotion of ESG considerations into the investment and stewardship processes – (i) a proprietary taxonomy of financially-material ESG factors (described above); (ii) a framework for assessing and presenting company-specific risks and opportunities and (iii) a climate framework. We describe these in the "Due dilligence" section.

Stewardship is an integral component of the franchise investment approach and we are active in our stewardship responsibilities. Where we believe a company does not sufficiently manage its financially-material ESG risks, we will undertake voting and engagement activities with the company.

The primary method of engagement is face-to-face meetings with senior executives, divisional management and board members. We may escalate our engagements through formal letters to company management and board members, or by joining collaborative engagements with our peers. We use a proprietary engagement-tracking tool to monitor and record our engagement activities so that we can monitor the progress of engagements and report to clients.

We aim to vote at all company meetings. We see voting as a direct means of holding boards and management accountable. The portfolio managers are responsible for voting decisions which enables us to evaluate each resolution in the broader context of the company's challenges and opportunities. Our voting policy provides a framework to ensure consistency of voting decisions.

Policy to assess good governance practices

Analysis of governance factors forms a key part of our assessment of a company's franchise quality and valuation. The governance factors we consider include:

Governance	Description
Board quality	Examination of the board's structure, composition, diversity and skills to evaluate whether it can provide sufficient oversight and challenge to the management team.
Remuneration alignment	Analysis of the company's remuneration structures and their alignment with business goals and our interests as long-term shareholders.
Capital allocation	Assessment of management's track record and skills in capital allocation.
Company ownership structure, shareholder rights and communication	Analysis of how the company's shareholder base might impact its strategic direction and the treatment of minority shareholders. Evaluation of basic shareholder rights, including transparency and shareholder communication.
Anti-competitive behaviour risks	Analysis of material legal and social risks related to anti-competitive practices, including collusion or price fixing.
Bribery and corruption controls	Assessment of risks related to bribery and corruption, including policies, oversight and response to historic incidences.

(e) Proportion of investments

100% of the Firm's equity investments are subject to the ESG integration and stewardship disciplines discussed above.

Each Fund may hold up to 10% in cash, though they usually hold no more than 5%. The Funds' cash investments are not subject to the ESG integration and stewardship disciplines. Therefore, overall, at least 90% of each Fund's assets are subject to the ESG and stewardship disciplines.

(f) Monitoring of environmental or social characteristics

The investment team is responsible for monitoring all financially material risks and opportunities when assessing the quality of a company's franchise and its valuation. This includes ESG factors. We employ a range of tools and processes to monitor financially material ESG factors throughout the investment lifecycle. These include:

ESG data dashboard

In order to assist in the measurement of the environmental and social characteristics promoted by each Fund, we have identified a set of ESG data points that are widely disclosed by public companies, and which are linked to the ESG taxonomy disclosed above.

We have created an ESG data dashboard to monitor these data points. This dashboard shows ESG data for the portfolio, our universe of investible companies and the benchmark. The ESG data in this dashboard include the sustainability indicators which we use to help assess the environmental and social characteristics promoted.

Company-specific ESG reports

We produce in-depth company-specific ESG assessments for the companies which we believe have the most significant ESG risks. Our ESG analyst is responsible for compiling these reports in conjunction with the portfolio manager responsible for the company. These reports identify the most financially material ESG risks, describe how these ESG risks impact our view of the company's quality and/or valuation, and highlight engagement priorities. We describe this in more detail in the "Due diligence" section.

Company meetings

We use meetings with management, the board, and divisional management to test our investment thesis and monitor material risks, including ESG risks. In addition, we regularly engage with portfolio companies ahead of the Annual General Meeting to inform our proxy voting decisions.

ESG engagement tracker

We have developed a proprietary tool to record our engagement work with portfolio companies on ESG topics. This enables us to monitor the progress of our engagement on financially material ESG topics.

(g) Methodologies for environmental or social characteristics

We have identified nine sustainability indicators to assist in the measurement of the environmental and social characteristics promoted by the Funds. These indicators are widely disclosed by public companies, and linked to our ESG taxonomy. There are seven environmental indicators and two social indicators.

The seven environmental sustainability indicators relate to carbon emissions, emissions reduction targets and the quality of climate risk disclosure. The two social sustainability indicators relate to companies' adherence to International Labour Organisation (ILO) Principles and human rights standards. The ILO Principles encompass child labour, discrimination, health & safety, forced labour, collective bargaining and working hours.

We will report on these sustainability indicators in our annex IV disclosure.

(h) Data sources and processing

The data sources used to attain each of the environmental or social characteristics promoted by the financial product: We source data for the sustainability indicators from a range of providers including Trucost, MSCI ESG, Bloomberg, the Carbon Disclosure Project and the Science Based Targets initiative.

The measures taken to ensure data quality: We favour data providers who are well resourced, invest behind their product and its development and provide transparency into their methodology and data collection processes. Where we have concerns about an individual data point, we will engage with the data provider to understand how the data point has been developed and if necessary request that the provider reconsiders its methodology. Two full-time employees are dedicated to developing and managing our data sets.

How data are processed: Third party-data providers collect the raw data from company reports and use internal models to estimate data when it is not disclosed by companies.

The investment tools team is responsible for extracting and loading the data into our database. Next, the data are combined into the ESG dashboard for analysis and reporting purposes.

We also use a third-party data provider's dashboard to analyse the carbon emissions data points.

The proportion of estimated data: The two social sustainability indicators are not directly disclosed by companies, and therefore these indicators are entirely based on the methodology of a third-party data provider. For this reason, we treat the two social sustainability indicators as estimates.

For the remaining data points there is no pre-determined proportion of estimated data. The proportion of estimated data will depend on the composition of the portfolio. Third-party data providers may estimate data based on their internal models in instances when companies do not disclose the data point in question.

(i) Limitations to methodologies and data

We have identified the following limitations to the sustainability indicators:

- Portfolio companies may not disclose the sustainability indicators we have selected, or may not disclose them in a standardised manner. As a result, our third-party data providers estimate the data using their internal models. In our experience these models may not always generate accurate data.

- The two social sustainability indicators that relate to breaches of the International Labour Organisation Principles and human rights standards are based on the methodology of a third-party data provider. In our experience these data can be slow to change despite improvements by the company. Therefore we conduct proprietary research to verify the data provided by the third-party provider.

- It is not possible to measure the progress of engagement with companies on social topics using data. As a result, the sustainability indicators may not reflect the progress of our engagements on social topics.

The limitations of ESG data do not affect our promotion of environmental and social characteristics because we do not rely solely on the data from our data providers. We conduct proprietary ESG research which uses a broad variety of qualitative and quantitative sources as described in the "Due diligence" section below. In cases where companies perform poorly against the sustainability indicators, we conduct our own research to verify that the data point is correct and understand the cause of the poor performance.

(j) Due diligence

There are two distinguishing features of our approach to ESG due diligence. First, this work is carried out by the portfolio managers with support from our ESG analyst. Second, it is based on proprietary, rigorous ESG research, utilising in-house tools and frameworks. This ensures more effective identification, analysis and integration of material ESG factors into the investment process.

We have developed three proprietary frameworks which support the identification, analysis and integration of material ESG factors into the investment process.

1. **A proprietary taxonomy of financially-material ESG factors (the "ESG Taxonomy"):** These are the ESG considerations which we believe are most likely to impact the performance of companies in the franchise investment universe, as detailed in the tables elsewhere in this document and the manager's ESG integration policy.

2. **A framework for company-specific ESG reports:** We compile company-specific ESG reports for the companies which it believes have the most significant ESG risks. The ESG analyst and the lead portfolio manager for the stock are responsible for developing these reports. As part of this process, we use the ESG Taxonomy to identify the material ESG factors and investigate these through proprietary research, incorporating qualitative and quantitative ESG information from a variety of sources. These reports set out how the ESG risks identified impact our view of the company's quality and/or valuation, and identify areas for engagement.

3. **A climate framework:** Our climate risk framework sets out the five key principles we use to assess a company's approach to managing material climate risks and opportunities. These are:

   (i) **Governance:** Companies should demonstrate expertise and accountability for climate issues at board and executive team level. Climate issues should be integrated into the company's strategy and organizational structures in an effective manner.

   (ii) **Disclosure**: Companies should disclose material information related to climate change following the recommendations of the Task Force on Climate-related Financial Disclosures. Companies should participate in the Carbon Disclosure Project ("CDP") as an effective means to provide this information to the investment community.

(iii) Targets: Companies should set time-bound emissions reduction goals in-line with a 1.5°C warming scenario. The difference between a 1.5°C and 2°C scenario is material. Therefore, companies should be ambitious in their targets to minimize regulatory impact and reputational damage. These goals should cover a short, medium and long-term time frame and encompass at least a meaningful proportion of Scope 3 emissions.

(iv) Products and services: A company's strategy should take into account how climate change might impact its products and services as a result of regulation or a change in consumer behavior.

(v) Physical risk management: Companies should assess the resilience of their operations and supply chains in the face of physical risks and take effective mitigating action.

These principles represent best practices which we encourage our portfolio companies to adopt through our engagement and voting efforts. We do not construct the portfolio in such a way as to maximise the portfolio's performance against these principles. We disclose our climate risk framework in full in our ESG integration policy available on our website:
https://www.franchisepartners.com/policies-and-documents

Research resources

We use a wide variety of qualitative and quantitative data sources in our due diligence process. These include:

Primary sources	Company annual reports, sustainability reports, quarterly earnings calls.
Data	We source data from a variety of third-party sources. These include Trucost, MSCI ESG, Bloomberg, the Carbon Disclosure Project and the Science Based Targets Initiative. As described previously, we have developed an ESG data dashboard which allows the portfolio management team to monitor the performance of the portfolio, investment universe, and benchmark against a set of ESG metrics.
External scores and ratings	We make use of scores and rankings from specialist industry-specific groups across themes and topics such as nutrition, plastics, climate, tobacco and human rights. In addition, we have access to ESG company ratings from a number of ESG ratings providers.
Expert networks	We harness the insights of industry experts through our expert access providers and our own networks. This includes individuals from industry, academics and NGOs.
External research	Third-party providers of investment research are increasing the quality of their thematic and company-specific ESG research.

Governance and oversight

The Firm's five partners, four of whom are portfolio managers, have ultimate oversight over our approach to ESG incorporation, stewardship and due diligence. One of the Firm's partners and portfolio managers has direct responsibility for ESG investment matters.

The investment team has responsibility for the day-to-day implementation of our ESG incorporation, stewardship and due diligence activities. The lead portfolio manager for each stock is responsible for identifying, assessing, and incorporating material ESG risks and opportunities into their investment due diligence and stewardship work. The ESG analyst, who is a member of the investment team, provides specialist support and expertise.

(k) Engagement policies

Engagement is an integral component of the franchise investment approach and we are active in our stewardship responsibilities. Where we believe a company does not sufficiently manage its financially-material ESG risks, we will undertake engagement activities with the company.

We focus our engagement efforts on financially material ESG risks. These vary by investee company.

The primary method of engagement is in face-to-face meetings with senior executives, divisional management and board members. We may escalate our engagements by writing formal letters to company management and board members, or through joining collaborative engagements with our peers. We use a proprietary engagement-tracking tool to monitor and record our engagement activities so that we can monitor the progress of engagements and report to clients.

We have a range of tools to help identify potential sustainability-related controversies in portfolio companies. These include controversy screening tools which monitor for breaches of global norms such as the UN Global Compact and human rights standards. In addition we use a variety of additional sources such as news aggregators Bloomberg and Alphasense, broker research and NGO reports. We believe this is an appropriate level of oversight for a highly concentrated portfolio.

The engagement policies for the Fund are consistent with the Firm's stewardship policy and our obligations under the Shareholder Rights Directive II. We disclose the Firm's stewardship policy and our voting records on our public website: https://www.franchisepartners.com/policies-and-documents

(l) Designated reference benchmark

We have not designated a specific index as a reference benchmark to determine whether the Funds are aligned with the environmental and/or social characteristics that they promote. The index used by the Funds is a mainstream index and does not take account of ESG factors. It does not, therefore, reflect the environmental and/or social characteristics promoted by the Funds.