

Independent Franchise Partners, LLP (“Franchise Partners”)

Stewardship Policy – August 2025

1. Introduction

Proper stewardship of our clients’ assets is an integral component of the Franchise approach to investing. As buy-and-hold investors, we see ourselves as long-term co-owners of the businesses in which we invest. Experience has taught us that there is a positive relationship between proper stewardship and good governance practices. As a result, assessing factors such as corporate strategy, management alignment, and board oversight are important considerations in our evaluation of companies and our ability to positively influence these factors through voting and engagement are valuable tools in our toolkit.

Good governance in turn promotes sensible capital allocation and the sound management of a company’s environmental and social risks and opportunities, crucial elements to help sustain the long-term vitality of the intangible assets of the companies in which we invest. These essential ingredients help businesses compound returns over the long term, making them rewarding investments for our clients.

This document outlines our stewardship activities: engagement with companies in our investible universe, engagement with the financial industry, and voting at the general meetings of portfolio companies. This approach is applied consistently across all the assets that we manage.

2. Engagement

Why engagement matters to Franchise Partners

We believe that engagement matters for the following reasons:

- To protect and create value for our clients over the long-term
- To enhance our understanding of how portfolio companies are managing risks and opportunities that are relevant to our investment theses
- To provide information relevant to our voting decisions
- To help us advocate for changes that are in our clients’ best long-term interests

Company engagement

How engagement fits with our investment process

We view ourselves as long-term co-owners of the businesses in which we are invested and we hold their managements responsible for achieving the best outcome for our clients. Our engagements with portfolio companies are vital tools to help us test our investment thesis and ensure that management are acting in our clients’ interests.

How we engage

Our engagements with companies are usually private, two-way discussions, framed by an agenda that is set as part of our on-going investment thesis. We split our engagements into two categories:

1. Engagement for information, which supports our investment decision-making
2. Engagement for change, where we have specific concerns that we would like a company to address



We focus our engagement work on issues that we believe may affect the long-term financial health of the company and the sustainability of its franchise. The topics on which we will engage are varied and have included corporate strategy, executive remuneration, capital allocation, human capital, and the impact of sustainability-related regulation.

We are long-term investors in our portfolio companies; therefore management must invest appropriately to support the long-term health of the company. This includes, for example, its innovation capacity, human capital, R&D capabilities, or the management of environmental risks. In our experience, the increasing scrutiny of short-term financial performance can manifest itself in underinvestment and franchise abuse, leading to higher levels of risk or foreclosing of opportunities. Assessing whether investment levels are appropriate helps us to evaluate whether management is aligned with our long-term investment horizon. Where appropriate, we use our engagement and voting activities to encourage companies to pursue a course of action that is in-line with this horizon.

We typically have direct contact with companies given our concentrated investment universe. We typically meet with the companies in our portfolio at least once a year and will request meetings outside of the regular cycle if there is a pressing issue that we have identified as part of our research process.

Our primary method of engagement is via in-person one-on-one meetings with senior executives and with divisional or regional management. Where appropriate, we meet with non-executive directors, such as the Chair or Senior Independent Director. We prepare thoroughly for these meetings, drawing up an agenda that covers the most material issues faced by the company. We draw upon company data, external consultants, analysts, and our own research to ensure that we have a comprehensive understanding of the material issues.

In addition to one-on-one meetings, our contact with companies includes calls, letters, and email correspondence. Where appropriate, we will escalate our engagement request, typically through contact with the CEO, Chair, or Lead Director.

Engagement monitoring and integration into the investment process

We record all our company engagement activities using a proprietary tool. This data is created and maintained by the ESG analyst and the lead investor for each company. This tool enables us to monitor the progress of engagements and report to clients.

Every engagement meeting with a portfolio company is added as an agenda item for the regular investment meeting. During this meeting the lead investor for the portfolio company shares their key takeaways from the meeting and their views of the impact of this on valuation and position size.

What effective engagement looks like for Franchise Partners

Depending on the issue, we engage with our portfolio companies at the senior management or board level. We prefer a non-adversarial approach as this, in our experience, tends to achieve better results. Hence, we typically work with companies rather than against them to achieve mutually beneficial outcomes. We strive to follow a holistic approach whereby we discuss strategic, governance and, where appropriate, environmental, and social issues as part of the same agenda. Our engagement therefore focuses on the issues most relevant or material for each individual company.

Linking engagement to voting

Voting is an integral part of being a co-owner of a company, an important means of communicating with a company, and we believe it is one of the primary fiduciary responsibilities we exercise on behalf of our clients. A strong link exists between engagement and voting, and the regular, open and clear dialogues with our portfolio companies mean that the Board or management should not be surprised how we vote



our shares on agenda items at general meetings. Therefore, we strive to ensure that our voting supports our company engagements and vice versa.

Collaborative engagement

Collaborative engagement can be a useful mechanism for achieving change, and we are willing to collaborate with other investors and have done so on several occasions. The decision to act collectively depends upon the circumstances of each case, whether we believe it is likely to enhance returns for our clients and whether it would introduce any conflict of interest or breach any regulatory requirements.

Conflicts of interest in relation to engagement

As a fiduciary, we always seek to place the interests of our clients first and to avoid or minimise any conflicts of interest. Given that we are an independently owned investment firm, we do not face some of the conflicts that larger investment managers face, particularly those owned by financial service groups. However, we recognise that conflicts of interest can occur, and our Conflicts of Interest Policy (a copy of which is available upon request) details how we identify and manage conflicts of interests. These conflicts can arise both between us and our clients and between one client and another.

Industry engagement

The majority of our engagement work is directly with companies within our investment universe, but we also believe in the importance of engaging more broadly with regulators and industry bodies where we judge that it is in our clients' best interests. As such, we are active members of groups such as the Investment Association and the Investor Forum in the UK, and the UK Stewardship Forum.

3. Voting Guidelines

We see voting as a valuable tool to encourage companies to enhance long-term shareholder value and provide a high standard of transparency such that equity markets can value corporate assets appropriately.

Key to our investment approach is ensuring the vitality and sustainability of a company's franchise; therefore, we aim to align our voting decisions with safeguarding the long-term financial health of our portfolio companies and their franchises. This goal provides us with a guiding set of core corporate governance principles which steer our voting decisions.

For example, when considering remuneration, we look to ensure that management are incentivised to favour long-term shareholder returns over short-term success and focus their attentions on areas that will enable their company's intangible assets to flourish. When considering the Board's independence level and skillset, we assess whether it provides sufficient oversight and challenge given the importance of those mechanisms in capital allocation, strategic direction, and risk management, which are vital issues for a franchise's health.

Further, we aim to hold companies to the same standards that we maintain in our own business. For example, in our own company we have noted the benefits of regular auditor rotation such as greater objectivity and the importance of fresh perspectives, and we encourage our investee companies to rotate their auditor every ten years.

More information is available in our Voting Policy, a copy of which is available on request.

General voting guidelines

We support external international principles of corporate governance and take account of local market standards. In this way, we seek to apply accepted good governance and business practices on behalf of our clients, while also factoring in relevant regional differences. The majority of resolutions for voting relate to corporate governance matters that are mandated under local stock exchange listing rules, including approval and election of directors, acceptance or receipt of reports and accounts, approval of



remuneration and incentive plans, and capital allocation. Where appropriate, we seek to address our concerns on broader business practices, including the management of social and environmental risks and opportunities, through our voting on resolutions proposed by both shareholders and management.

When we decide to vote against or abstain on management resolutions or support shareholder resolutions opposed by management, we normally contact companies in advance either as part of our ongoing engagement programme or before the annual meeting. This helps us to take a fully informed view and to be transparent with our portfolio companies.

We receive research and voting recommendations from Institutional Shareholder Services (ISS), an independent adviser that specialises in corporate governance. We use ISS research for guidance only and are not obligated to follow their recommendations. The lead investor for each portfolio company is tasked with assessing the merits of each agenda item and then voting those in the manner that they believe best serves the long-term interests of our clients. Any variance from management and/or ISS recommendations is shared with the investment team and the compliance manager, and a record is kept of all such variances.

We also make use of ISS's electronic voting platform to submit votes on behalf of our clients. In conjunction with ISS, we maintain records of votes cast, which are kept for a minimum period of 6 years.

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