



Pacific Capital Partners Limited

FCA Firm Reference Number: 171200

Engagement Policy

(COBS 2.2B.6 R)

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Engagement Policy

1. Introduction

The EU Shareholders Rights Directive II (SRD II) aims to promote effective stewardship and long-term investment decision making by enhancing the transparency of asset managers' investment strategies. These obligations were implemented in the UK from 10 June 2019, and those which apply to asset managers are contained in the Financial Conduct Authority's Conduct of Business Sourcebook (COBS).

As an investment firm that provides portfolio management services to investors, Pacific Capital Partners Limited (the Firm or Pacific) is considered an SRD asset manager. This document sets out Pacific's engagement policy in line with the requirements under SRD II.

This document should be read in conjunction with the Firm's Responsible Investment Policy and Proxy Voting Policy. Other relevant documents include the UK Stewardship Code and UN PRI submissions, plus regular reports on voting and engagement activity all publicly available on the Firm's website.

2. Policy Standards

2.1 Integration of shareholder engagement within Pacific's investment strategies

As a responsible investor and as a signatory to the United Nations Principles of Responsible Investment (PRI), Pacific is committed to ensuring that it monitors and engages with investee companies and underlying funds on behalf of its clients. The Firm regularly engages directly with company boards outside of the traditional AGM cycle on matters ranging from remuneration to mandate change.

Ongoing research and analysis on investee companies by the portfolio managers include evaluation of performance on strategy, financials, risk and material environmental, social & governance factors (ESG factors). ESG factors are incorporated into the Firm's fundamental research process for direct investments as these can have a significant impact on long-term valuations. The Firm's portfolio managers conduct in-depth research into UK and overseas equities, including holding meetings with companies' management each year as well as undertaking media and other desk-based research.

The Multi-Asset Sustainable team currently covers open ended funds, investment trusts and off shore specific funds. The relevant investment team closely monitor the performance of underlying fund managers. This includes an annual review of the fund managers' own Responsible Investment Policies, including the Stewardship Code and their UN PRI submissions where applicable.

Voting plays an integral role in active engagement. The Firm uses Institutional Shareholder Services (ISS), a leading independent corporate governance research provider, to provide voting research which the Firm incorporates into its voting policy. The Firm additionally uses ISS's Socially Responsible Investing (SRI) overlay solution for proxy voting guidance from a sustainable finance perspective.

2.2 Monitoring investee companies

As part of the Firm's investment process, it undertakes research and ongoing monitoring of the companies and underlying fund managers in which the Firm invests to assess the potential of providing long-term returns.

The Firm's portfolio managers and analysts carry out analysis of potential investments and ongoing monitoring which may focus on the investee company/underlying fund's strategy, performance, risks faced, and its commitment to corporate governance and quality and experience of management.

The investment teams also monitor public statements of investee companies through financial information platforms such as Bloomberg, financial statements and regulatory announcements, reports & accounts, results meetings and capital markets days.

2.3 Conducts dialogues with investee companies

Engagement with investee companies and underlying fund managers will most likely be through direct dialogue with the investor relations team and/or management teams or through exercising voting rights at General Meetings. If the Firm thinks a company or underlying fund is not being managed in the interests of its clients, it will decide how best to engage with the company or underlying fund to address this.

Where the Firm has concerns about the performance or strategy of an investee company or underlying fund, or where it has reason to believe that the Firm's clients' rights as shareholders are being compromised in any way, the Firm will, in appropriate circumstances, escalate its involvement with investee companies or the relevant underlying fund manager.

Whilst the Firm does not believe in micro-management, in some cases it may be necessary. This could include issues with board independence or remuneration. In cases such as these the Firm would open a dialogue and write to the company/underlying fund manager or meet directly with management to express its concerns.

In some circumstances the Firm would be willing to act collaboratively.

In cases where deemed necessary, the Firm will abstain or vote against management resolutions. Where the Firm abstains or votes against management resolutions it may write to the Chair of the Board to explain the reasons. If a satisfactory response is not possible the Firm may look to escalate this further.

The escalation process would include, but is not limited to:

- Holding additional meetings with management specifically to discuss concerns
- Intervening jointly with other institutions on particular issues
- Submitting resolutions
- Disinvest if the Firm felt that clients would be at a material disadvantage.

2.4 Exercising voting and any other shareholder rights

The Firm uses ISS to provide voting research and guidance which is incorporated into the Firm's own policy. Enhanced SSR voting

2.5 Cooperating with other shareholders

Pacific is willing to act with like-minded shareholders where appropriate and where it is in the best interests of its clients, so long as in doing so the Firm is able to comply with all appropriate regulatory rules.

2.6 Communicating with relevant stakeholders of investee companies

Although this is likely to be rare, where relevant the Firm will consider communicating with relevant stakeholders of investee companies, defined as any individual or entity potentially affected by the company's actions in pursuit of its primary objectives. This could include employees, creditors and

suppliers as well as shareholders. Where the Firm intends to communicate with such stakeholders it will notify the Chair of the Board of the investee company.

2.7 Managing actual and potential conflicts of interests in relation to the Firm's engagement

The Firm has a Conflicts of Interest Policy. All employees are required to declare any conflicts of interest, including those which may arise as a result of engagement, and the Firm has in place arrangements to prevent or manage any conflicts identified.

3. Responsibility

The Responsible Investment Committee has overall responsibility for ensuring this Policy complies with the obligations under the SRD II.

The various investment teams have primary and day-to-day responsibility for the implementation of this Policy, dealing with any queries about it, and implementing internal control systems and procedures that are required to adhere to the Policy, with input provided by the Responsible Investment Committee. The Compliance team will be responsible for conducting a second line of defence in monitoring and effectiveness reviews.

4. Annual Review & Disclosure

The Firm will disclose a general description of voting behaviour, an explanation of the most significant votes and report on the use of the services of proxy advisors. The disclosure will include details of how votes have been cast, unless they are insignificant due to the subject matter of the vote or to the size of the holding in the company. The disclosure will be made on the Firm's website and updated annually, unless there has been any material change.

This Policy will be reviewed, updated and approved by the Responsible Investment Committee on at least an annual basis. Any material changes made to the Policy throughout the year will be approved by the Responsible Investment Committee.