



Independent Franchise Partners, LLP

UK Stewardship Code Statement

INTRODUCTION

We manage only Global Franchise and US Franchise equity portfolios. The universe of companies we research is limited to approximately 200 globally and our portfolios are concentrated. Across all our portfolios, we own approximately 40 companies. We aim to practice a buy-and-hold strategy. On average, we hold our positions for more than 6-8 years.

We view owning shares as an investment in a company, rather than in a specific country or industry. We therefore devote our research effort to analysing companies, interviewing their managements, judging their competitors and, when possible, comparing them with their international counterparts.

We always meet the management of investment candidates – often many times – before we invest. Since less than 200 companies possess the exceptional quality characteristics we seek, we are able to maintain close contact with almost all of them. Furthermore, we cross check what we learn from company management with their customers, their suppliers, their competitors, and independent industry consultants. We patiently monitor prospective opportunities for a long time before investing.

From a stewardship perspective, the above features mean we have longstanding and deep involvement with the managements of a concentrated group of companies. Corporate governance is particularly important to our assessment of management strength and structure, which are pivotal to developing our investment theses. We have many opportunities to interact with managements as they develop proposals to put to shareholders and to understand the rationale behind them and their implications. In some cases we have been directly involved in helping formulate policy or plan structures, although this type of hands-on involvement is the exception rather than the norm.

Company Engagement

We are not activist investors. We believe we can generally achieve better outcomes for our clients by early and private engagement with the managements of the companies in which we invest. We have regular engagement with the companies in our investment universe as part of our normal research program. Occasionally, we might devote a company meeting to specific environmental, social and governance policy issues. If not satisfied with the response, we would consider escalating our involvement to a higher level in the management or board and potentially taking joint action with other investors. Our approach is detailed in our Company Engagement Policy.

Governance and Proxy Voting Decisions

Our voting decisions are guided by our Proxy Voting Policy.

Historically, we have voted all proxies where clients and market practice have allowed us to. Our default voting position is to follow the recommendations of International Shareholder Services (ISS), but we evaluate each resolution individually. Our portfolio managers are directly responsible for voting decisions, which are supported by the same process as all other investment decisions. These decisions are supported by independent research, including from ISS. Where relevant, the portfolio managers will contact the investee company for further information and discussion.

We document any voting which diverges from the ISS recommendation, detailing the rationale behind that decision. These exceptions, and the reasons underpinning them, are retained by our Head of Compliance. We do not view voting against management as an exception. Rather, we view votes contrary to the recommendation of ISS as exceptions. Voting records and reports are available to our clients upon request.

HOW WE APPLY THE SEVEN PRINCIPLES OF THE UK STEWARDSHIP CODE

Principle 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

As outlined in the Introduction above, the discharge of our stewardship responsibilities is heavily integrated into our investment process, which is described in detail in our public presentation documents.

Our governance policies are detailed in the following specific documents:

- IFP Proxy Voting Policy
- IFP Company Engagement Policy
- IFP Environmental, Social and Governance Policy

These documents are available on request.

In summary, we monitor investee companies and stewardship activities performed as part of our normal investment process. Dialogue with management, escalation to board level and intervention are detailed in our Company Engagement Policy. Our Proxy Voting Policy covers our approach to voting on the full range of governance issues. We use the services of Institutional Shareholder Services, but our portfolio managers are responsible for each final voting decision.

Principle 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

Our Conflicts of Interest Policy details how we identify and manage all relevant conflicts of interests. These conflicts can arise both between IFP and our clients, and between one client and another. Our Conflicts of Interest Policy also meets our regulatory obligations in various jurisdictions.

Conflicts covered in the Policy which are particularly relevant to stewardship include situations leading to a lack of consistency in voting proxies. If the issuer soliciting the vote is a client of IFP and the vote is on a matter that materially affects the issuer, a conflict can arise. Voting issues are covered in our Proxy Voting Policy, which is available on request.

IFP maintains written records of conflicts of interest in line with document retention policies. These are available for review by our external auditor and by regulators.

Principle 3

Institutional investors should monitor their investee companies.

Monitoring of our investee companies is an integral part of our investment process. We hold meetings with various levels of management and raise our concerns in these meetings or with Board members as appropriate. Our portfolio management team make decisions on the appropriate course to take in the circumstances of each case. Our approach is detailed further in our Company Engagement Policy.

We keep full records of all company meetings. We also maintain records of votes cast, with detailed reasons documented whenever decisions are taken by the portfolio management team which differ from the recommendations of ISS, our proxy voting advisor.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

Our approach to escalation and intervention is set out in our Company Engagement Policy.

The Franchise investment approach focuses on identifying companies that have superior returns on capital and are able to compound free cash flow over the long-term. We enter into discussions with our closely-followed companies whenever we have issues about any aspect of corporate performance and where shareholders' interests may be at risk. We will escalate our concerns by meeting or engaging with management and/or board members to discuss concerns if we believe such action can contribute positively to the long-term value of our clients' investments.

If appropriate, we will then consider moving from escalation to intervention, which may include working with other institutional shareholders to encourage a company to address concerns, with the aim of increasing the influence we can bring to bear on our clients' behalf. Finally, we would consider selling out of or reducing a holding when this is appropriate and in our clients' interests.

Principle 5

Institutional investors should be willing to act collectively with other investors where appropriate.

We are willing to collaborate with other investors, as outlined under Principle 4 and described in our Company Engagement Policy. The decision to do so would be made in the circumstances of each case, when we believed it would be in the interests of our clients and would introduce no conflict of interest nor be in breach of any regulatory requirements.

Principle 6

Institutional investors should have a clear policy on voting and disclosure of voting activity.

Our Proxy Voting Policy is available on request.

Our portfolio management team makes voting decisions following recommendations from ISS, our proxy voting advisor. When appropriate, we will advise companies in advance of our voting intentions and give them the opportunity to respond.

Our compliance officer maintains full voting records, including the reasoning behind any decision to diverge from the recommendations of ISS and these are made available to our clients on request.

Principle 7

Institutional investors should report periodically on their stewardship and voting activities.

We provide a range of both qualitative and quantitative information to our clients, in line with their individual reporting requirements. Records of proxy voting are available to them on request, as is discussion of any aspect of our ESG-related investigations.

For further information please contact:

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Independent Franchise Partners, LLP is authorised and regulated by the Financial Services Authority.