Company Engagement Policy

August 2021

Engagement is Fundamental to Our Investment Process

Our investment philosophy is to own only those few differentiated global businesses that offer strong, predictable, sustainable growth over the long term, supported by a research process based on rigorous, bottom-up fundamental analysis and a disciplined approach to valuation. Engagement is a fundamental component of the integration of ESG within this process and a means through which we gain a better understanding of material risks and opportunities identified by our research. In addition, as responsible long-term shareholders, we recognize we have the unique opportunity to exert influence on management teams to improve transparency and become an agent for change through both proxy voting and direct dialogue. These activities are consistent with our fiduciary responsibilities and support our objective to provide our clients with the best absolute and risk-adjusted long-term returns possible. As responsible stewards of our clients' capital, we employ the same tested and disciplined approach to growth equity investing across multiple markets including U.S., Global, International, Emerging Markets and Global Mid-Cap, supported by the same investment philosophy and team.

Identifying businesses with predictable and sustainable growth requires a focus on enduring principles and drivers. Our focus on critical drivers of sustainable growth is rooted in the belief that strong pricing power, highly visible streams of recurring revenue, long duration growth opportunities, cash flow generation, modest leverage, and management teams that are properly incented and aligned with shareholder interests set the foundation for more predictable and sustainable above average revenue and earnings growth over the long-term. Fully understanding the risks and opportunities presented by myriad environmental, social and governance factors is a natural and integral element of our research focus and decision-making process, and engaging with management and related parties is a crucial part of gaining this perspective.

Our Engagement Approach

We follow a four-step framework drawn from the PRI to process the business drivers and risks identified in our research related to ESG factors, including "Identify", "Assess", "Model" and "Engage". We rely on proprietary primary research to identify material issues and assess and model them to the best of our abilities. We supplement our primary work with input from third party research and data service providers to ensure we have identified the most salient ESG factors and analyzed them completely. A critical step in this framework is to engage with the management teams of the respective companies to test our theses and modeling assumptions and share our perspective on the key issues at hand. Our engagement with management begins early in our investment process with new idea generation, and our policy requires that we meet with management before adding a company to our Qualified Company List. In most cases this includes multiple contacts with management over time at varying levels. These discussions help us determine whether the business model and management team can deliver the exceptional level of predictable, long-duration growth we require of the companies in which we invest. For companies on our Qualified Company List, we maintain regular contact to review reported results and other business developments, including ESG-related issues identified through our research. In addition, it is our policy to hold ESG-specific meetings with management teams periodically to review material topics and share our thoughts on issues we as a firm prioritize such as best governance and climate policy practices, which we believe can enhance the predictability and sustainability of a business' long term growth, minimizing the risk to our clients' invested capital. For example, in the case of environmental issues, during the course of our engagement activities we encourage management teams to adopt the following practices:

- Recognize and address the potential for climate change to impact their ability to generate long-term sustainable growth.
- Establish clear accountability and oversight, particularly at the Board level, for GHG emissions and environmental impact issues.
- Provide enhanced corporate disclosure and transparency into GHG emissions and climate related risks and opportunities.
- Establish greenhouse gas emission reduction targets to achieve net-zero emissions by 2050 as well as interim Science Based Targets.

Each primary analyst is responsible for leading engagements with companies under their coverage and documenting a summary of the discussions. Notes for each meeting with management are recorded in a centralized engagement log and include summaries of key learnings as well as specific follow-up items. The log is reviewed periodically to monitor progress against key issues and determine where additional follow-up may be appropriate. These activities add up to hundreds of meetings with companies each year in the normal course of our research. A summary of every engagement activity at the firm is provided to the Investment Committee.

We do not enter into discussions with the mindset of an impact or activist investor. Rather, we find that the owner's perspective we take in those discussions allows us to have more constructive longer-term oriented conversations with management teams and related industry partners. These discussions elevate our understanding regarding the quality of a company's management, culture, business strategy, operations and governance structure and help us develop the conviction we need to gain in terms of the predictability and sustainability of the company's growth over our 3-5 year investment horizon.

While we conduct the majority of our engagement efforts on a standalone basis, we recognize the effectiveness that collaborating with peers on certain issues can have. As such, we seek to selectively join forces with other organizations to support important ESG causes. For example, we recently pledged our support to CDP's 2021 Science Based Targets campaign, an initiative to engage with management teams of companies to promote the proliferation of interim GHG emissions reduction targets as a bridge to net-zero emissions goals.

Engagement activity involving companies on our Qualified Company List is discussed by the Investment Committee and can have a direct impact on portfolio decision making. In cases of a material adverse change in our view of a business from the ESG perspective, we may adjust our assumptions regarding a company's growth trajectory and predictability over our 10 year forecast. This action could trigger further discussion over the appropriate response which may lead to further engagement or sale of the stock. In the reverse case where there is an improvement in our evaluation of the company's ESG qualities which we expect to enhance the growth trajectory of the business over our investment horizon there will also be discussion by the Investment Committee which may lead to an increase in the size of an existing position or the initiation of a new addition to client portfolios.

Proxy Voting

Our policy regarding proxy voting is to generally support standards-based ESG proposals that enhance long-term shareholder value while aligning the interests of the company with those of society at large. In practice, the primary analyst is responsible for voting recommendations, which are reviewed by a designated Investment Committee member and Compliance when necessary to ensure consistent application of our policies. We also take into account the recommendations of a third party proxy advisory firm, but we exercise independent judgement when deciding how to vote.