

NICHE ASSET MANAGEMENT LTD

ENGAGEMENT POLICY AND PROCEDURE

February 2025

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Niche Asset Management Limited

Authorised and Regulated by the Financial Conduct Authority
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London SW1X 0DB
Tel: +44 (0) 2045471610
Registered in England - No. 10805355

Purpose and Objectives

The purpose of this Engagement Policy is to outline Niche Asset Management Ltd (“Niche AM” or “NAML”) approach to engaging with investee companies and stakeholders. This policy is designed to foster sustainable, long-term growth in line with our fiduciary duty to clients and shareholders. Our engagement activities are aligned with principles of responsible investment, regulatory standards, and our commitment to addressing environmental, social, and governance (ESG) issues.

Application

This policy applies to all investment activities conducted by NAML. It covers interactions with companies in which we hold investments and other stakeholders, such as clients, regulators, and industry associations.

Policy

NAML adopts a positive, proactive and collaborative engagement strategy, prioritizing direct communication with investee companies. Where necessary, Niche AM will also engage in a reactive fashion following controversies or when it considers direct contact beneficial for addressing sustainability performance and related concerns, and reporting practices – particularly if these exhibit negative trends or deterioration. Overall, engagement is a key part of NAML’s Responsible Investment strategy.

Some of the key issues our engagement programme focuses on, but is not limited to, include:

- Sustainability factors and indicators, including the Principal Adverse Impact (PAI) indicators.
- Promotion of awareness of Sustainable Development Goals (SDGs) as defined by the United Nations.
- Labour, customer, supply chain management and human rights.
- Corporate governance, executive pay, gender diversity and equal opportunities.
- Controversies found in relation to international norms and standards such as the UN Global Compact and the OECD Guidelines, negative news flow or ban list updates.

Finally, NAML also engages with investee companies through Annual General Meeting. Indeed, while a number of Asset Managers delegate the voting process, NAML takes it directly. Voting at company’s meeting is a keyway for NAML to communicate with investee companies on several topics in a manner that serves the best interest of the fund, as determined by NAML at its discretion, taking into account relevant factors including:

- Remediation activities following corporate controversies such as change of Management of the company.

- Long-term sustainability of investee companies.
- Management, governance and long-term strategy oversight.
- Improving company communication and reactivity to investor questioning (communication towards investors when engagement has failed to do so).

When either NAML is not able to move the needle (to have a whatsoever impact on the voting) or when there are no meaningful reasons to drive the company to improve on the above factors, NAML will not vote. However, NAML could decide to participate to proxy votes on sustainability matters in association with other investors or institutions in order to contribute to legitimate points. For more information on voting rights, see the [Voting Rights Policy](#) available on Niche AM website.

Managing Actual and Potential Conflicts of Interest

NAML is committed to identifying, managing, and disclosing any actual or potential conflicts of interest in our engagement activities. We have established a *Conflict-of-Interest Policy* that outlines procedures to mitigate conflicts, ensuring that our engagement activities remain aligned with our clients' best interests and our fiduciary obligations. Any conflicts identified are disclosed transparently to clients as required.

Procedure

The Do Not Significantly Harm (DNSH) analysis represents the platform upon which to build the engagement strategy with the company. The focus of this analysis is not the intensity recorded for each factor, but its dynamics.

- 1) **Communication.** It's crucial stimulating companies to provide as many Principal Adverse Impact factors as possible. NAML understands that small cap or companies based in geographies other than Europe tend to be laggard in this respect. Engagement has the function to stress the importance to gauge and communicate these factors.
- 2) **Dynamic.** NAML believes that penalizing sectors – other than those subject to exclusions (controversial sectors) – or some geographies or the level of economic development per se is not consistent with the sustainability mission of the managed funds. That's why the focus is on the path undertaken by the investee company, i.e. the dynamic of the Principal Adverse Impact factors.

In addition, for some of the managed funds, engagement also includes the promotion of awareness of the SDG goals where they have not been explicitly supported by the firm.

NAML will diligently record its engagement efforts with investee companies, by way of emails, calls, videocalls, meetings, relevant documentation, and standardised or personalised forms on sustainability created by the Investment Manager.

The contact with the company is positive, interactive and collaborative and it's made mostly through mother tongue analyst that can create the best working environment to make the engagement process progressing.

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