

The European Shareholders Rights Directive II (SRD II) aims to promote long-term shareholder engagement and stewardship practices in the European Union by imposing certain disclosure requirements on asset management firms (including investment firms that provide discretionary portfolio management services) to the extent that investments are made in shares traded on a regulated market. Under SRD II, Partners Capital is required to disclose a shareholder engagement policy or provide a clear and detailed explanation of why we are not. Such a policy should cover how shareholder engagement is incorporated into a firms' investment strategy, how investee companies are monitored and the dialogue that is conducted with these companies and their relevant stakeholders.

Partners Capital has not drafted a shareholder engagement policy under SRD II, due to predominantly investing via third party fund managers rather than directly holding shares in public companies. Partners Capital's direct exposure to public equities is generally limited to our Public Equities Co-investment Programme, where clients are able to directly access the top positions of who we deem to be our highest conviction active equity managers, without the payment of third-party fees and the, at times, onerous liquidity terms of these funds. Given that this stock selection is based on the due diligence undertaken by these third-party managers, we do not directly engage with or monitor the investee companies directly, but instead communicate the level of interaction we expect our managers to have with their underlying portfolio companies.

Therefore, instead of establishing a specific shareholder engagement policy, Partners Capital has developed an approach to engagement and stewardship that focuses on our relationships with the third party managers with which we invest. More information on our manager engagement process is outlined hereunder.

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## Partners Capital's third party manager engagement and stewardship approach

Our engagement and stewardship approach focuses on the following areas:

### 1. Periodic monitoring of manager's portfolio construction and performance

In selecting third party asset managers, we undertake rigorous due diligence in order to determine whether we believe that organisation is capable of generating consistent outperformance versus that which would be achievable through passively investing in the respective asset class. As part of our formal due diligence process, we also aim to ensure that every newly approved asset manager responds to our Asset Manager ESG Integration Survey, due diligence timelines permitting. Thereafter, we rigorously monitor those asset managers in which our clients are invested in order to identify any issues that have arisen since our initial due diligence which have the potential to impact the performance of that manager. This includes reviewing all relevant literature produced by the manager, but more importantly, regular interactions with the manager with the aim of continued assessment of the quality of their investment decision making, portfolio construction and interaction with underlying management teams of their portfolio companies. At the outset of our relationships with managers, we set clear expectations as to the level of transparency from and interaction with those managers we require in order to fulfil our stewardship activities. Furthermore, we communicate the level of interaction we expect them to have with their underlying portfolio companies. That level of interaction varies by strategy and investment focus.

### 2. Participation in Limited Partner Advisory Committees (LPACs)

Owing to our size and scale, Partners Capital has the potential to be a large and meaningful limited partner in the private markets funds in which we invest. In such circumstances, there is often an opportunity for us to participate in the fund's Limited Partner Advisory Committee (LPAC). As members of an LPAC, we seek to be an active and engaged partner by participating in LPAC meetings, and providing input on those issues upon which the LPAC is asked to opine. Furthermore, third party managed funds at times require resolutions to be voted on by their limited partners, particularly for private markets funds. We consider each of these resolutions on a case-by-case basis with our vote cast in favour of the election which we believe to be in the best interest of our clients. In addition to simply casting our vote, we will also provide feedback on a proposal if appropriate, drawing on our unique perspective and extensive experience as a limited partner in private market funds.

### 3. Periodic Asset Manager ESG Integration Survey

We developed a proprietary ESG Integration Survey, which is used as a tool to facilitate our due diligence on our managers' ESG integration strategies and for monitoring their progress over time. We originally created our survey alongside one of our long-time endowment clients, but have developed it considerably since. In its current form, the survey evaluates our third-party fund managers' ESG practices across six core pillars of ESG integration which underpin an overall classification. The six pillars evaluated are: (1) policies and infrastructure ; (2) due diligence, investment decision making and portfolio management; (3) asset class specific aspects; (4) climate change; (5) measurement and reporting; and (6) diversity, equity and inclusion.

The pillar-focussed, asset class specific format of the survey has been consistent since 2021 but the questions asked under each pillar typically change slightly each year as we respond to developments in the market. Our Survey reflects our belief that good ESG integration is no longer just about having ESG policies in place or dedicated ESG resources. It is more about the actual integration of financially material ESG factors into the investment process, evidenced by strong proof statements and examples that matter to LPs.

### 4. Targeted engagements to assist in the improvement of ESG and impact practices

We have a targeted manager engagement programme in place which focusses on a select group of asset managers who we believe are behind the market or their peers in terms of ESG integration, especially those with whom we have invested a significant amount of capital and where ESG considerations are relevant to their strategy. We believe we have the greatest ability to effect change via these managers and improve the overall level of ESG integration across our client portfolios. We engage with our asset managers across all of our six pillars, but the focus and topics of each engagement will vary between asset managers. Influencing the behaviour of our asset managers, who manage multiples of the total capital that we have invested in their funds, has the potential for Partners Capital to have a highly leveraged impact on the world.

Every engagement is tailored to a manager's specific investment strategy, philosophy and circumstances and is initially being led by the Sustainable Investing Team. The engagement programme is designed to be collaborative and constructive with the aim is to support our engaged asset manager in improving their ESG integration capabilities. We anticipate having multiple meetings with all the managers that we engage with. If it is deemed that asset manager make only insufficient progress on our objectives, the asset class and Sustainable Investing teams will jointly engage with the managers and revisit expectations and engagement objectives.

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## Public Equities Co-investment Programme – Proxy Voting Process

As outlined above, Partners Capital offer a public equities co-investment programme to our clients that co-invests directly in a select number of stocks alongside our third-party managers, based on their due diligence and investment thesis. Given the nature of this investment programme, we do not engage with or monitor these investee companies directly. However, where Partners Capital own stocks directly, we exercise our shareholder right to vote. Partners Capital has retained Institutional Shareholders Services Inc. (ISS) to assist in the proxy voting process, and follows ISS' Sustainability Policy recommendations. The policy recommendations seek to promote support for global governing bodies advocating for sustainable business practices such as environmental stewardship, fair labour practices, non-discrimination, and the protection of human rights. The recommendations are underpinned by internationally recognized sustainability-related initiatives, such as the UN PRI.

Copies of our Global Proxy Voting Policy, which outlines the procedures we follow with respect to exercising the proxy voting rights on behalf of our clients, as well as our proxy voting records are also available to our clients upon request.

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## Partnerships and Associations

Partners Capital also collaborates and engages with our clients, asset managers and leading capital owning institutions across the investment industry, to seek to enhance the impact that we can have. We have actively sought partnerships and opportunities to grow our network in order to deepen our knowledge and broaden our impact in this rapidly evolving space.

Partners Capital is a signatory to the UN-supported Principles for Responsible Investment (PRI), publicly demonstrating our commitment to responsible investing. We join a community of over 5,000 signatories with over \$120 trillion in assets under management. As a signatory, Partners Capital pledges to pursue the six principles for responsible investment to the best of our ability.

Furthering our commitment to examining the impact of climate change on investments and collaborating with like-minded investors on environmental impact, Partners Capital is a member of The Institutional Investors Group on Climate Change (IIGCC). The IIGCC is the European membership body for investor collaboration on climate change, comprising over 400 institutional investors and representing €65 trillion of assets. Partners Capital is contributing to and engaging with the Investor Practices programme to help our clients and asset managers better integrate climate risks and opportunities into their investment process. We are active participants in the organisation's Climate Solutions investor practices programme. Deeper understanding of climate risks and opportunities enables Partners Capital to better safeguard our investors' assets and enhance long-term value.

In addition to actively participating and engaging with the PRI and IIGCC through workshop participation and public consultations, we are open to engaging on an ad-hoc and case-by-case basis with other collaborative investor and market bodies, such as ShareAction, on responsible and sustainable investing topics. The Sustainable Investing Team are responsible for evaluating each potential engagement activity, and determining whether the firm will participate, taking into account the nature and topic of the engagement.

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