Shareholder Engagement Policy

Introduction

Cerno Capital Partners LLP's ("Cerno" or the "firm") is a MiFID investment firm that provides portfolio management services to investors which may include transactions in shares traded on UK exchanges and/or an equivalent exchange abroad.

Therefore, Cerno must comply with rules set out in COBS 2.2 of the FCA's Handbook and make the disclosures set out in this document on how it complies with:

- Financial Reporting Council's Stewardship Code
- FCA disclosure rules aligned with the Shareholder Rights Directive (SRD)

Financial Reporting Council's Stewardship Code Statement

According to the Financial Reporting Council, The UK Stewardship Code 2026 "*sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. The Code demonstrates an investor's commitment to stewardship and providing transparent reporting on the stewardship they undertake on behalf of their clients and beneficiaries*. "

The UK Stewardship Code 2026 (the "Code") is divided into two parts: Policy and Context Disclosure and Activities and Outcomes Report.

- Policy and Context Disclosure – Outlines the Cerno's governance, resources, and relevant policies. It should be updated every four years, or sooner if there are significant organisational changes.
- Activities and Outcomes Report – Reported annually, this report shows how the Cerno has applied the Code's Principles, detailing its stewardship activities and results from the previous year.

Policy and Context Disclosure:

Section A. Organisation, investment beliefs and stewardship approach

Cerno is a boutique FCA-regulated investment manager, established with a clearly defined business model focused on discretionary portfolio management.

Our investment beliefs centre on long-term value creation, fiduciary responsibility and robust stewardship, anchored in a transparent, ethical culture. The extremely experienced investment management team, supported by the Firm's Board, provides oversight and accountability at all stages of the investment process.

The Firm's compliance with the FCA's initiatives to enhance consumer protections, such as the Consumer Duty Regime, has further augmented our focus on responsible client communication and outcome-driven service delivery.

Our investment strategy aims to support stability and stewardship priorities without exposure to systemic or geographic concentration risks.

Section B. Governance and resources

Our governance framework is composed of a Board with investment, compliance, and risk management experience. The Board overseeing all stewardship policy decisions. Ultimate accountability resides with the Board, with delegated authority to the investment management team for day-to-day stewardship activities.

Resources allocated to stewardship include ongoing professional training, skilled analysts and permanent compliance staff.

We may work with external service providers including research houses, engagement facilitators, and data vendors, chosen for their proven alignment with our stewardship values. Each partner is subject to periodic review and due diligence.

Section C. Policies, processes and review

We address stewardship issues such as investment engagement, responsible investment, and proxy voting throughout our policies and procedures. These policies are periodically reviewed, and on an ad-hoc basis driven by triggers like regulatory changes or client feedback.

Section D. Conflicts of interest

Conflicts of interest related to stewardship are proactively identified through our risk and compliance framework. We operate with a low risk of conflict due to our boutique structure, absence of vertical integration, and clearly defined client segments.

Where specific stewardship conflict of interest issues are identified they are subject to prompt escalation and resolution mechanisms.

Section E. Dialogue with clients and/or beneficiaries

Cerno maintains regular open channels of communication with each client, ensuring our stewardship approach is understood and aligned to their evolving priorities and preferences. Information about our stewardship activities is shared through tailored updates and discussions that provide insight into our engagement efforts, policy developments, and key stewardship decisions.

We seek to foster genuine, two-way engagement where client perspectives help to shape our approach and ensure our activities remain responsive to their needs and expectations.

In all interactions, our aim is to promote transparency, trust, and understanding, underpinned by our commitment to responsible investment. All dialogue is carried out in line with regulatory requirements and our Consumer Duty obligations, enhancing clarity and ensuring outcomes are consistently in the best interests of our clients.

Activities and Outcomes Report:

The Stewardship Code consists of six 'apply and explain' Principles for asset managers to address. These Principles seek to provide transparency in terms of how Cerno engages with the underlying companies that are invested in through shares traded on a regulated market.

Cerno complies with each of the Principles in the following way:

Principle 1: Firms should develop investment beliefs, strategy, and culture enable stewardship that creates long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Cerno incorporates stewardship considerations into investment decisions. Investment strategies are developed to align with clients' long-term interests and responsible investment objectives. The firm ensures that stewardship is embedded in its investment processes and decision-making.

Principle 2: Firms identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Cerno manages systemic and market-wide risks by deploying investment strategies that support well-functioning financial markets. The firm maintains appropriate levels of capital and liquidity in line with FCA requirements and invests in a way that avoids contributing to market instability.

Principle 3: Firms should engage to maintain or enhance the value of assets.

Cerno engages with investee companies, where appropriate, to influence governance and business practices in the clients' best interests. Given the Firm's size, influence is limited. If confidence in an investee company's management is lost, holdings may be divested. Collaborative engagement with other investors is undertaken on a case-by-case basis when beneficial to clients.

Principle 4: Firms should actively exercise their rights and responsibilities.

Cerno may exercise any available voting rights where this is consistent with the best interests of clients and aligns with stewardship objectives. Voting decisions are considered carefully, taking into account the potential impact on long-term client outcomes.

Principle 5: Firms integrate stewardship considerations into their selection and oversight of external managers.

Not required for directly investing managers.

Principle 6: Firms should monitor and hold to account stewardship service providers.

Cerno is a boutique investment manager and as such the holdings that it manages held in UK companies are a small proportion of the issued share capital. Cerno will only exercise voting rights where it believes such voting to be in the best interest of its clients.

Where relevant, Cerno monitors its service providers and business partners to ensure services are delivered in line with the firm's investment strategy, policies, and client needs. Regular oversight ensures alignment with stewardship objectives. Cerno will amend this disclosure if it engages with a proxy service.

Cerno's policy is to consider exercising voting rights where it believes, taking into account the size of the holding, it is in the interests of the underlying clients for such rights to be exercised.

Shareholder Rights Directive (SRD) Engagement Policy

Alongside the Financial Reporting Council's Stewardship Code sits the FCA's own rules on disclosures a MiFID investment firm, that provides portfolio management services to investors, must disclose where it invests on behalf of its client in shares traded in a regulated market (both in the UK and equivalent markets elsewhere).

The FCA Handbook sets out seven areas that Cerno must address:

i. Investment Strategy

Cerno's investment philosophy is to seek and select investments from a global universe. We emphasise capital protection, especially in periods of stress. We place your capital in a broad array of attractive assets to reduce the risk of permanent capital loss.

ii. How shareholder engagement is integrated into its investment strategies

Where Cerno invests in companies its investment analyst will carry out prior research process into the skill and expertise of the investment's management team, its business model, financial performance and strategy and future potential for growth.

This may inform Cerno's initial and ongoing decision making. Cerno's investment managers can also choose to conduct further engagement and form a significantly closer relationship with management and other shareholders before investing and after the investment is made.

iii. Exercises voting rights and other rights attached to shares.

Cerno's general policy is not to vote on AGM or EGM resolutions and corporate actions unless it is in the best interest of its clients by protecting or enhancing shareholder value and only when the size of the holding is material to the outcome to the resolution or outcome. Therefore, normally Cerno will not generally exercise voting rights or co-operate with other shareholders.

iv. Cooperates with other shareholders.

Similarly, Cerno would only cooperate with other shareholders in the event that is in the best interest of its clients by protecting or enhancing shareholder value and only when the size of the holding is material to the outcome to the resolution or outcome.

v. Conducts dialogue with investee companies.

Depending on the size of the investment Cerno meet with an investee company's management and take part in other formal opportunities provided by that company such as investor briefings.

vi. Communicates with other stakeholders of the investee companies.

In relation to the above Cerno's general policy is not to vote on AGM or EGM resolutions and corporate actions unless it is in the best interest of its clients by protecting or enhancing shareholder value and only when the size of the holding is material to the outcome to the resolution or outcome. Therefore, normally Cerno will not generally exercise voting rights or co-operate with other shareholders.

In circumstances where Cerno does engage, subject to the best interest of its client, Cerno has the general policy of voting with management.

vii. Monitors Investee firms.

Where Cerno's investment teams invests in listed equities on behalf of its clients it seeks to invest in investee companies that are well managed and operate an appropriate culture to enhance long-term shareholder value. To identify these investments factors such as company results or strategy changes, are monitored periodically reviewed.

viii. Manages actual and potential conflicts of interest in relation to the firm's engagement activities.

As stated above Cerno's engagement policy is driven by achieving the best interest of its clients and therefore will seek to minimise and mitigate conflicts of interest wherever possible. How Cerno manages it conflicts of interest is explained on in its website.

Annual Disclosures

Cerno annually reviews these disclosures.

Cerno will amend this disclosure if it engages with a proxy service.

In the event that Cerno invests on behalf of an institutional clients who carry out activities relating to insurance or occupational pensions then the firm will make further required disclosures to those clients.

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